

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5553 SSTA HB 43 - HB 44

125

April 6, 1988

Chuck Smithson
1357 Smithson Road
North Pole, Ak. 99705

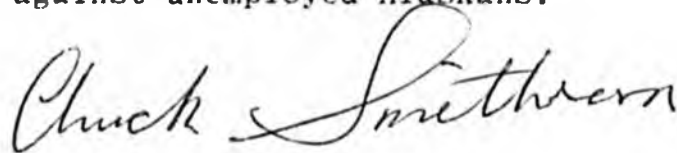
Representative Niilo Koponen
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Representative Koponen:

I would like you to know that I appreciate the intent and idea behind House Bill #43. With our local hire legislation under attack, this bill will make an employer think twice before hiring cheap outside labor over qualified Alaskan workers. Though the night flight shuttle to Prudhoe Bay is still better than half-full of outside workers daily, this bill is a positive step in the right direction.

Thank you for at least attempting to even the unfair odds stacked against unemployed Alaskans.

Sincerely,

A handwritten signature in cursive script that reads "Chuck Smithson". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".



Official Business

Alaska State Legislature

House of Representatives

Office of the Chief Clerk

C
Pouch V
State Capitol
Juneau, Alaska 99811

RECEIVED

MAR 18 1988

HB 43

March 18, 1988

Mr. Norman Kruckenberg
P. O. Box 10449
Fairbanks, Alaska 99710

Dear Mr. Kruckenberg:

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 43 "Return Transportation for workers" passed the House and was sent to the Senate. It is in the Senate State Affairs Committee, with further referrals to the Labor & Commerce Committee, the Judiciary Committee, and the Finance Committee.

I have transmitted copies of your letter regarding the bill to the sponsor, Representative Dave Donley, and to the Senate State Affairs Committee.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Irene Cashen".

Irene Cashen
Chief Clerk

cc: Rep. Donley
Senate State Affairs ✓



OK Lumber Company, Inc.
Building Supply Center & Hardware

March 5, 1988

P. O. BOX 10449
FAIRBANKS, ALASKA 99710
(907) 457-6270
FAX (907) 457-3122

IRENE CASHEN, CHIEF CLERK
CAPITOL, ROOM #214
P.O. BOX V
JUNEAU, ALASKA 99811

Re: CSHB 43. Return Transportation for workers.

Dear Sir or Ms.,

This bill requires employers to provide transportation for workers to point of hire if

(A) termination of employment is within one year and beyond the control of the employee.

(which means if the person cannot handle the job or gets fired the employer is still responsible to take him back to where-ever!)

(B) It was agreed to furnish transportation initially.

(In which case I don't know why we need the law to begin with!)

(C) The person requests return transportation within 45 day of termination.

(Same logic as item A's answer)

(D) The person is from out of state.

(Which is just what the state of Alaska needs to do, which is to legislate laws that make it that much easier for people to come to Alaska with transportation paid both going and coming, because I am sure that this will really help local employment!)

The employers of Alaska and the State of Alaska do not need this noose around their neck! I am sure that if the occasion arises that you cannot hire someone special that you need either within the State or the locality of the job, employers and employees can keep right on doing what it says in item (B) which is to agree to furnish transportation initially. And the State of Alaska does not need to pass a law to get involved with employer and employee negotiations.

I have not seen who has sponsored this bill but he certainly does not have the state of Alaska and its people in mind!

Sincerely Yours

Norman Kruckenberg
Norman Kruckenberg



OK Lumber Company, Inc.
Building Supply Center & Hardware

March 5, 1988

P. O. BOX 10449
FAIRBANKS, ALASKA 99710
(907) 457-6270
FAX (907) 457-3122

MITCHELL ABOOD
CAPITOL, ROOM #423
P.O. BOX V
JUNEAU, ALASKA 99811

RECEIVED
MAR 17 1988

C
HB 43

Ref: CSHB 43. Return Transportation for workers.

Dear Sir or Ms.,

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Sincerely Yours

Norman Kruckenberg
Norman Kruckenberg



OK Lumber Company, Inc.
Building Supply Center & Hardware

March 14, 1988

P O BOX 10449
FAIRBANKS, ALASKA 99710
(907) 457-6270
FAX (907) 457-3122

Senator John Binkley
Representative Mark Boyer
Senator Faiks
Representative Menard,

Ref: SB363 and HB 403 (the same)
Ref: SB67 and HB 440

Sirs and Ms.:

75% of the small business in this state of Alaska in 1986 have voted against this type of insurance! Do you not pay attention to what we have to say via the NFIB (National Federation of Small Business)

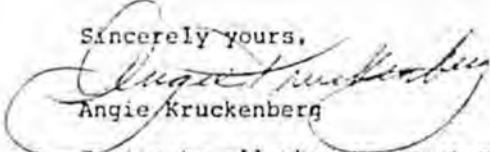
If we have a drug and alcohol problem, then it's our personal responsibility to take care of it.. IT IS NOT THE RESPONSIBILITY OF THE TAXPAYERS to take care of our vices! If one plays with fire..he or she had better be prepared to be burned! Vote against this program. Senator Binkley and Representative Boyer, I urge you to listen to the taxpayer and those small business's that keep the taxpayers and you employed. Vote against this type of insurance.

Senator Faiks. I urge you to vote against this bill you have your name tagged to. This is still a free country, but with the legislation you people are trying to put into being..it soon won't be!

Rep. Menard, So now you all got your way with pregnancy coverage; letting the government stick its nose into peoples private affairs, Now you have to cover the other side that can't get pregnant! What next? Insurance to cover the mongrel stray dog that made your dog pregnant? And of course, then an insurance to cover the cat that can't have a litter of kittens?

To all of you, are we in a free country? Are we to be subjected and liable for everyones vices and personal affairs? I urge you to take responsible action, and cool down your desires to become A SOCIALIST GOVERNMENT! Read your history books..Socialism does not make a strong country!

Sincerely yours,


Angie Kruckenberg

Copies to all who represent me in Alaska



OK Lumber Company, Inc.
Building Supply Center & Hardware

March 11, 1988

P O BOX 10449
FAIRBANKS, ALASKA 99710
(907) 457-6270
FAX (907) 457-3122

Ref: Workmans Comp article, as in todays Newsminer, inclosed.

To my representatives, legislators, senators, and to all those who represent me in my Government.

Sirs/Ms.;

In reference to paragraph 1 and 2. This is the main problem of the high costs of insurance. Is there any paper trace by the state, upon the insurance carriers, of the employers claim costs that are in reserves? And is there any paper trace of the insurance carriers ever returning these amounts back to the employer? ***see exhibit 1***

In my case, and I am inclosing my total history of claims in this letter. I can show you where the reserve amounts have sat dormant, as a cost to me, while the insurance company collected interest, and charged me higher costs in the high risk pool, while these funds were not used. **exhibit 2**

I am complainly highly because this one case, (JUNE 13. 1985) of an employee who broke an ankle when he said he fell off the trailer bed, with no witnesses. The Coastal people told me he stepped out of the truck and broke his leg. Flipppo tells me he stepped off the end corner of the trailer between it and the truck. When Coastal called me about it, I immediately called Humana Hospital where they took him, to request a blood test, as he seemed very "funny acting" when he left my office. I was told that they could not do that. This was the man's third trip to Anchorage for us and he knew that this was just a temporary situation.

We all know that 1985 in Alaska took a nose dive as far as the economy goes, and MANY employees used workmans compensation for their means of support in this declining era. If each case was thoughtly investigated during this time period, you would see MASSIVE FRAUD by employees, the medical association and the legal professions. They all wanted to live in the manner that they became accustomed to during the BOOM years! (And we have only 3 fraud investigators in the entire State!)

Page 2

It was later, upon getting back all the references and the inquiries into his history that I found out that he had lied on his application with me. He wrote that he had NEVER been in an accident. (when in fact he had three with his past employer, "Wickland Oil Transport" 1st one not chargeable to him. 2nd one could have been avoided by himself. In the 3rd one he killed several people! And in this one he collected workmans compensation from the state of California! YET ON HIS APPLICATION FORM HE TELLS ME HE HAD NEVER EVER COLLECTED COMPENSATION! AND HE SAYS HE NEVER HAD AN ACCIDENT! (This was told to me by telephone by his ex-boss Gerry Heifner for whom he worked from 6/78 to 3/85) I have his payroll files in my office and will send you all pages if you request.

I have talked to each of my insurance agents and NO ONE WOULD INVESTIGATE THIS CASE! In 1987 I had someone investigate where he lives and what he does. He lives in a high income area, a very elaborate home, with swimming pool and emmensities that many people would desire. He manages a condominium or apartment complex, and it would not surprise me if he isn't a partner in it.

With a figure of almost half a million dollars on this case, I was told 1st by Dorothy Ronning, of Dawson Insurance (1985 agent), and then by Kathy, 1986 and 1987 agent at James and Associates, in Seattle, Ws. that the amount is TOO LITTLE FOR THE INSURANCE COMPANY TO INVESTIGATE!

Sure, why should they investigate? It will only cost them money...when in fact all they have to do is "set aside a reserve" for this account..against my account, add it to the many other employer "reserve" accounts in the same situation, CALL A MEETING WITH THE STATE OF ALASKA GOVERNMENT, tell our state people that they (THE INSURANCE COMPANYS) have to have MORE MONEY! SO UP GOES THE INSURANCE RATES FOR WHATEVER THEY ASK FOR; And all the time all these reserves (listed as additional claim costs) are sitting in their bank accounts drawing more interest!

OF COURSE THE MORE THEY CAN SHOW AS TO HOW HEAVY THE CLAIMS ARE, THE MORE PREMIUM THAT THEY CAN CHARGE US!!

Have you people who are representing us looked at this side of the coin? Please do, if you haven't! I don't know how long we employers will last at the rate it is going now!

TRUSS FABRICATION PLANT • DOORS • WINDOWS • CABINETS

FACILITIES LOCATED AT 640 RONLOFF STREET, JUST OFF OF 4 MILE OLD STEEZE HWY. ACROSS FROM CURRY'S CORNER

Why isn't it possible for employers to get a history of employees on the following:

1. Driving records, every state.
2. Proof of medical certificates, and Doctors address on same. see attached. ***exhibit 3***The doctor's name is not signed as an "MD!" And no address to check it out for my protection as an employer!
3. Workmans compensation records, every state.
4. The permission to request another physician's examination if something seems to appear fraudulent. And when it is shown as fraudulent (my case, 4/1/78 John Balsh. another Doctor wrote me that this injury was not due to his work at our place, but a prior problem he had.) see #5 below.
5. Cooperation from the state and/or insurance company for investigation, if an employer finds there are abuses here.
6. Every employer to receive from his carrier, a loss claim record of injured employees without the hassel of going through his agent, who sometimes does not want to bother. It's almost like they want to keep it a secret! Plus, many self employed people have no knowledge of what to ask for to protect themselves, to be aware of what is going on in their workmans comp account.

If these above items were possible, these types of people would not go from state to state, taking advantage of their employers with accidents coverage by workmans compensation. Nor would it be allowable for doctors to dig up 30 and 40 year old childhood injuries, and add it to a simple scratch, protect it by a band-aid, and expand a \$100. workmans comp visit, into over \$100,000. of costs. Inclosed is a picture of this injured employee, 7 hours after the accident, at a company picnic on July 22, 1986. ***exhibit 4*** This band aid injury tacked on a claim cost of \$112,000. to my account!

With only 3 fraud investigators in the state, how do I as an employer protect myself from this kind of problem?

There should be limits set to the costs charged by the medical profession and the legal profession. Present method makes it easy and lucrative for them, because it is a workmans compensation injury. See copy of different cost scales for this chiropratic clinic attached. ***exhibit 5*** I am sure if medical clinics were checked, you would see similar differences as I show you here, but with only 3 fraud investigators in Alaska, its very easy to "get away with it".

Again, how can employers protect themselves of this? We are not ever told or given reports of what is going on with the injured employee! It is our premiums that pay for this, we employers of all people should be allowed to know!

In the past 15 years, we have had over 700 employees on our payroll. Per my OSHA records, I had 42 accidents: 27 with No Days Lost. 9 with a total of 13 days lost. 1 with 2 weeks lost. 1 with 42 days lost. 1 with 3 months lost. 1 fraud that was caught. 2 still outstanding, both fraudulent, but still collecting.

1973	40 accidents.	1974	4 accidents.	1975	1 accident.
1976	1 accident	1977	1 accident	1978	2 accident
1979	NO ACCIDENTS.	1980	2 accidents.	1981	1 accident.
1982	8 accidents.	1983	4 accidents.	1984	NO ACCIDENTS
1985	6 accidents	1986	11 accidents	1987	3 accidents.

*Most of these are
due to "stamps" and
a big hole in the*

If I had cooperation of suspicious cases, the entire cost of workmans compensation claims for this firm for 15 years, would be less than the premium that I paid in this 1 year for 1987. See attached 1987 total premium cost. *solid* ⑥

If we cannot get proper audit controls of the insurance companys showing the ACTUAL claims paid, instead of the fictitious reserve* accounts being added to the claim costs, thus throwing an inflated amount of claim costs upon the employers, of which they base the employers premiums costs; I'd like to suggest the following:

Is it possible to drop all insurance carriers, let the state start from scratch, and underwrite the workmans compensation insurance, with adequate investigators, and set limits on each and every injury what ever it may be, (example; a finger worth 1000., an arm 50,000. etc.) If this method were used, it would not be, as lucrative to sacrifice the finger or arm for Workmans compensation funds. Doctors on the other hand would only receive a set amount for that finger or arm. And the legal profession would not be so "sue happy" if there was a maximum amount in place.

And then perhaps, by the employers track and safety records, the state would allow them to have certain limits by which they could self-insure. In addition, have a state fund, (collected from all employers to cover certain catastrophic injuries that are reviewed by a board and thoroughly investigated.)

Also, make it mandatory that every employer would get at least a quarterly report of all costs that occur in that employers claim record.

Thank you for hearing me out. Please advise if anything in these areas can be corrected.

Sincerely yours,

Angie Kruckenberg
Angie Kruckenberg

begun arriving late Saturday even-

(See GAMES, Page 5)

Legislator problem: to cut worker comp rates or revise state law

By LARRY PERSILY
Associated Press Writer

JUNEAU—Legislators disagree on whether the state should force insurance companies to lower worker's compensation rates or just revise the compensation law and hope for a rate decrease.

Opposition to mandatory rate reductions also is coming from insurance companies and the state insurance director.

The Senate last month passed a major rewrite of worker's compensation laws, but the House Labor and Commerce Committee chairman said Thursday the bill is inadequate and he wants to change it.

The Senate bill (SB322) does not require insurance companies to lower their rates. The bill was drafted with help from a statewide labor and management task force.

A proposed House substitute would require companies to decrease their rates by 6 percent for 18 months.

"We're asking worker's to agree to some compromises . . . and in that process one of our primary goals is to reduce rates," said Rep. Dave Donley, Labor and Commerce chairman.

The Anchorage Democrat said,

"The Senate bill fails to address many legitimate public concerns and is a mediocre product that does not adequately or fairly address the issues hundreds of Alaskans have asked us to address."

Senate Labor and Commerce Committee Tim Kelly said he is nervous about a mandated rate decrease.

"You might see insurance companies decide not to offer coverage up here," Kelly said, noting that although the state can require rate cuts it cannot require companies to do business in Alaska.

The Anchorage Republican said employers could find it difficult to obtain coverage if an excessive mandatory rate reduction forces companies to stop writing policies in Alaska. That would defeat the bill's purpose to bring about affordable worker's compensation coverage.

"You've got to have some control over the insurance industry," Kelly said, because the state requires employers to carry the insurance. But too much state control of rates could lead to problems, he said.

"At first blush it would appear that mandated rate decreases are attractive," said Paul Roller, acting director of the Division of In-

urance. But the state cannot force a company to "write insurance at a loss, he said.

"We are opposed to mandatory rate decreases because they are unworkable," Roller said.

Alaska employers spent about \$180 million on worker's compensation insurance in 1987. Recent rate increases and fears of another major increase prompted legislators, labor and management representatives to join forces in an attempt to rewrite state laws setting out benefits for injured worker's.

The bill would restrict claims for stress-related injuries, reduce benefits to people living out of state, limit rehabilitation services and change several other aspects of the program, with the intent of lowering costs to insurance companies and rates to employers.

A letter of intent accompanying the Senate bill said the measure is expected to result in at least a 2 percent drop in rates, but letters of intent do not carry the force of law.

Fewer cases going to litigation, lower rehabilitation costs and fewer stress-related claims are the major money-savers of the bill.

Roller said Maine tried manda-

(See WORKERS, Page 5)

Shultz said, underscoring the seriousness with which the United States views the situation there.

He accused Noriega of trying to impose a military coup in Panama by deposing President Eric Arturo Delvalle, whom the United States regards as the legitimate constitutional authority.

Under the Caribbean Basin Initiative, Panama and about 20 other countries are eligible to sell most products duty-free to U.S. markets.

But this measure will have mostly symbolic impact because the bulk of Panama's exports to the Un-

WORKERS

(Continued from page 1)

tory rate cuts in 1985 and the state has suffered through tremendous problems since then, including massive rate increases to return insurance companies to financial stability.

Donley expects to move the bill out of his committee next week, sending it to House Judiciary for further review.

Labor and Commerce members are scheduled to vote Tuesday on the substitute version and other proposed amendments to the Senate bill. If the House changes the bill, it would have to return to the Senate for concurrence with the amendments.

Donley wants to amend the bill to provide a "direct cash incentive for businesses to develop and maintain workplace safety programs." His proposed amendments would require insurance companies to pay a 5 percent to 10 percent rebate of premiums to employers that have an approved safety program and have not been cited for serious safety violations in the past year.

"The total failure of the other body (the Senate) to act on work place safety legislation . . . requires that we try to incorporate some protection for worker's health and safety in the measure before us," Donley said.

Safety incentives are the best way to save lives and save money on insurance, he said.

Fairbanks Daily News-Miner, Fairbanks, Alaska, Friday, March 11, 1988-5

Weather helps cut into Redington's lead

News-Miner and AP reports
TRIPPLE—Strong winds and unreasonably warm temperatures have whittled Joe Redington's lead in the 150-mile Iditarod Trail Sle



By the time he decided to move, Herbie Nayokpuk decided his team rested enough to push on. Nayokpuk, known as the Shishmaref Cannonball, had arrived in

AL. JUNT-NUMBER 366411423 ACCOUNT ID 000702435 CURRENT DATE 01/30/87
 ACCOUNT INFORMATION REPORT PANEL ID 0509
 ACCOUNT SUMMARY NAME G.K. LUMBER CO
 NAME SO. K. LUMBER COMPANY, INC.
 ADDRESS DOUBLE-K ENTERPRISE
 P.O. BOX 10449
 CITY FAIRBANKS STATE AK ZIP 99701

CA195038P IF YOU WISH TO SEE A CLAIM LISTING LINE BY LINE - DEPRESS PFKEY3,
 CLAIM TOTALS - DEPRESS PFKEY4, NO CLAIM LISTING - DEPRESS PFKEY5.

PF KEY F X F

ACCOUNT NUMBER 366411423 ACCOUNT ID 000702435 CURRENT DATE 01/30/87
 ACCOUNT INFORMATION REPORT PANEL ID 0442
 POLICY CLAIM LISTING
 CS177719368501

ITEM NO.	CLAIM NUMBER	DATE	DIR AMT	DIR EXP	DIR R/S	DIR INCURRED AMT	R/I INCURRED AMT	RG LINE
001	914G05622700	06/13/85	125401	2470	329417	457288	0	COMP
002	914G05626901	04/24/85	124	26	0	150	0	COMP
003	914G05626902	04/24/85	19	52	0	0	0	COMP
004	914G05626903	04/24/85	152	36	0	188	0	COMP
005	914G05626904	04/24/85	0	90	0	0	0	COMP
006	914G05628500	06/01/85	20520	565	0	21085	0	COMP
TOTALS			146394	3239	329417	479050	0	

CL-373-4 103

ALASKA NATIONAL INSURANCE LOSS EXPERIENCE

ALL POLICIES AND ASSOCIATED CLAIMS SINCE 1984

REPORT DATE: 12/31/87
 BUY DATE: 08/05/88
 EFFECTIVE DATE: 01/31/87

CLAIMANT	ACCIDENT DATE	LIVE	CLAIM NUMBER	LOC CAT	LOC CD	INS. LOSSES	PRODUCER	OFFICE	GRUP	ALLOCATED LOSS EXPENSE	NET OUTSTAND LOSS RESERVE	INCURRED LOSS AND LOSS EXPENSE
LAPPAHEE, ALDEN J. LOW JACK INJURY/CAUSE UNKNOWN	04/29/88	150	08438	03	000 03	670.00	462.19	13	930	650.62	0.00	1,602.80 CLOS
MADDENBROOK, DEAN J. FELL OFF TRUCK/CONTUSION RIGHT THIG	08/14/86	150	93303	03	030 06	0.03	61.00	13	930	0.03	0.03	61.03 CLOS
MATFIELD, PAUL M. MOVING TRUSS CART/INJURED LEFT WRIST	07/14/86	150	06573	00	030 05	110.07	0.00	13	930	0.00	0.00	110.07 CLOS
MATFIELD, PAUL M. MOVING TRUSS CART/INJURED LEFT WRIST	07/14/86	150	83418	00	000 06	0.03	311.41	13	930	0.03	0.03	311.41 CLOS
LAWLER, ELWIN J. FELL INTO PILE OF LUMBER MULT. INJ.	07/22/86	150	06345	00	030 03	18,006.53	45,046.12	13	930	3,360.41	45,386.94	111,000.00
CATES, DELANE SCOT BOARD FELL & HIT CLMT'S RIGHT HAND	09/28/85	150	83831	00	030 06	0.00	129.00	13	930	0.00	0.00	129.03 CLOS
LILLIE, JOHN V. MANUALLY ADJUSTING EQUIPMENT ON TRUCK/BACK	09/29/86	160	06765	03	000 06	0.03	60.00	13	930	0.00	0.00	60.03 CLOS
PAWDT, JEFF CUT RIGHT HAND ON SKILL SAW	09/29/86	160	83632	03	000 06	0.03	332.03	13	930	0.03	0.00	332.00 CLOS
ADAMSON, ERIC M. CLMT'S LEFT HAND STRUCK BY PIECE OF WOOD	10/13/86	160	83992	00	030 06	0.03	131.00	13	930	0.00	0.00	131.03 CLOS
TCOMER, BILL F. INJURED LEFT MIDDLE FINGER WITH HAMMER	11/12/85	150	83791	00	030 06	0.03	121.03	13	930	0.00	0.03	121.03 CLOS
SERRA, JOSEPH P. SLIVER FROM BOARD IN RT HAND/INPEC	12/26/86	150	84181	03	000 06	0.03	362.00	13	930	0.03	0.00	362.03 CLOS
***** LOCATION TOTALS *****						18,826.60	47,311.71	13	930	3,811.03	45,386.94	113,216.29
***** INSURED TOTALS *****						18,826.60	47,311.71	13	930	3,811.03	45,386.94	113,216.29

Out of Pool claim experience
 If you are in a pool -
 you get a different report.
 Talk us separate.

Orchestrated

MEDICAL EXAMINER'S CERTIFICATE

I certify that I have examined
Jim Filppo

(DRIVER'S NAME (PRINT))

IN ACCORDANCE WITH THE MOTOR CARRIER SAFETY REGULATIONS (49 CFR 391.41-131.42) AND WITH KNOWLEDGE OF HIS DUTIES, I FIND HIM QUALIFIED UNDER THE REGULATIONS.

- QUALIFIED ONLY WHEN WEARING CORRECTIVE LENSES.
- QUALIFIED ONLY WHEN WEARING A HEARING AID.

A COMPLETED EXAMINATION FORM FOR THIS PERSON IS ON FILE

IN MY OFFICE AT 1765 Challenge Way

1-5-85

James Filppo
(SIGNATURE OF DRIVER)

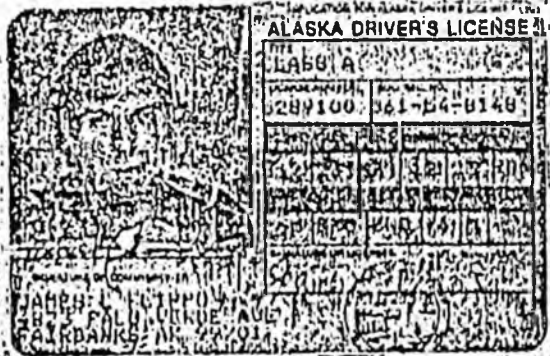
1765 Challenge Way
(ADDRESS OF DRIVER)

A. Griest
(NAME OF EXAMINING DOCTOR (PRINT))

James Filppo
(SIGNATURE OF EXAMINING DOCTOR)

CIA Form 5486 Rev. 87

Doctor?
Where is the title?
Don't all doctors sign their name with title?
Is this also fraudulent?



Picture taken at 8:00 PM, 7/22/86.
See band-aid from doctors visit after his workmen's comp accident on 1:00PM, 7/22/86.
The \$100.00 office visit went over a \$112,000.00 CLAIM!

How can we survive these costs

1987

1987

UNIT 001 MI-SEP 032 03 CLAIMI ROBERT J. MOERLES
INSURANCE COMPANY, INC. P.O. BOX 10447 -211
EATONVILLE, ALASKA 099710

LOSS 771.60 RATIO 04
Additional Plan. 8548
Prem Cost \$ 24,737 - see exhibit (6) ← *less cost!*

UNIT	MI-SEP	032	03	CLAIMI	ROBERT J. MOERLES	LOSS DATE	OCCURRENCE	CLAIMANT	PAID	EXP				
UNIT 001	MI-SEP	032	03	CLAIMI	MICHAEL P. SMITH									
TH	LOS	DI	F	UC	CL	REF ID	CAUSE	A-1-A	RES	HST	CUR-RES	PAID	EXP	
PP	020407	7	01	32	022407	WC	HED	THFB19				60.00	0.00	
PP	020407	7	01	32	022407	WC	HED	THFB19				71.00	0.00	
PP	020407	7	01	32	022407	WC	HED	THFB19				40.00	0.00	
PP	020407	7	01	32	022407	WC	HED	THFB19				107.50	0.00	
PP	020407	7	01	32	022407	WC	HED	THFB19				32.10	0.00	
CL	020407	7	01	32	022407	WC	HED	THFB19				0.00	0.00	
CL	020407	7	01	32	022407	WC	HED	THFB19	7-			0.00	0.00	
CL	020407	7	01	32	022407	WC	HED	THFB19	400			0.00	0.00	
UNIT 001	MI-SEP	032	03	CLAIMI	MICHAEL P. SMITH									
TH	LOS	DI	F	UC	CL	REF ID	CAUSE	A-1-A	RES	HST	CUR-RES	PAID	EXP	
PP	061787	7	01	32	062607	WC	HED	WRLA17				101.00	0.00	
CL	061787	7	01	32	062607	WC	HED	WRLA17				0.00	0.00	
CC	061787	7	01	32	062607	WC	HED	WRLA17	19-			0.00	0.00	
PTT	0/S	LOS			200	0/S	EXP		0	LOS		371.60	EXP	0.00
PID	0/S	LOS			0	0/S	EXP		0	LOS		0.00	EXP	0.00



NAME: _____

OFFICE CALLS:		X-RAYS WITH ANALYSIS:	
97260-52 Spinal Manipulation	35	72010 Full Spine	150
97260 LMT Spinal Manipulation	40	72010 Full Spine Re-Check	150
97260-14 Spinal Manip. (Sun/Hol)	60	72040 Cerv Pre Pettibon	80
97260 Spinal Manipulation	N/C	72040 Cerv Obliques (2)	90
A2000 (Medicare) Spinal Manip.	40	72040 Cerv Flex/Ext. (2)	80
00590 (Medicaid) Spinal Manip.	40	72100 Lumbar-AP/Lateral	80
97761 Manual Manip Extended	55	72100 Lumbar-Obliques	80

EXAMS-NEW PATIENTS:		MEDICAID X-RAYS:	
9900 Hist/Exam	N/C	00510 Radiologic exam, spine, cerv	65
9900 brief Hist/Exam	45	00570 Lumbosacral: anteroposterior and lateral	65
99010 Limited Hist/Exam	55		
99020 Comprehensive Hist Exam	155		

EXAMS-ESTABLISHED PATIENTS:		SUPPLIES	
99040 Brief Re-Exam/Evaluation	35	97700 SPS/PS Checkout	20
99050 LMT. Re-Exam/Evaluation	45	99002 SPS/PS Exam/Casting	10
99080 Comprehensive Re-Exam	120	99070 Foot Levelers	**
		99070 Cervical Packs (2)	15
		99070 Ortho Cervical-Collar	29
		99070 Lumbar Support Belt	15
		99070 Cervical SP/support Block	25
		99070 Ortho Lo-Back Spinal Support	28
		99070 Exercise Fulcrums	45

SERVICES:		Week	Month
97741 Kinesiotherapy: Brief Nimm	20		
97740 Ext/Nimm Kinesiotherapy	35		
99030 Thermo-Cryotherapy	20		
97122 Traction	20		
97014 Electric Stimulas	35		
97110 Rehabilitation Exercises	12		

SPECIAL SERVICES:		CHARGE:	TAX:
4000 NSF Charges	25		
4000 NSF	40		
4000 Consultation	N/C		
4000 Chart Notes/Records	25		
97020 Narrative Report (page)	40		

** See Price Lists

40 o/c.
40
all items marked
- are unknown
comp costs.

W/W.C.
1st bill
\$505.
If you are
an insured
with
the insurance
the cost is
35⁰⁰ and
+ 160⁰⁰ self pay

Ext Visit w/w.c. comp.
w/w.c. insurance
40⁰⁰ visit cost
+ 120⁰⁰ = Resum cost
total w/w.c. comp. 160⁰⁰

personal visit 35⁰⁰ gets exact same service
By one who has had both!

PROVIDENCE WASHINGTON INSURANCE GROUP

- PROVIDENCE WASHINGTON INSURANCE CO. PROVIDENCE WASHINGTON INSURANCE COMPANY OF ALASKA
 MOTOR VEHICLE CASUALTY CO. WESTERN ALLIANCE INSURANCE COMPANY
 YORK INSURANCE COMPANY

- EASTERN REGIONAL OFFICE — 20 Washington Place · Providence, RI 02901
 MIDWESTERN REGIONAL OFFICE — 209 North York Street · Elmhurst, IL 60126
 ALASKAN REGIONAL OFFICE — 301 W. Northern Lights, Suite 501, Anchorage, AK 99503
 SOUTHWESTERN REGIONAL OFFICE — 7715 Chevy Chase Drive · Austin, TX 78761

DATE
2/12/88
CANCELLED
<input type="checkbox"/> P/R <input type="checkbox"/> S/R
POLICY NUMBER
WC 760628

INSURED O.K. LUMBER COMPANY, INC.	LOCATION	POLICY PERIOD 1/19/87 to 1/19/88
AGENT # NAME 469 FRED S. JAMES (ASSIGNED RISK)	LOCATION	AUDIT PERIOD SAME to

DESCRIPTION	BASIC OF PREMIUM	RATE	PREMIUM	RATE	PREMIUM	RATE	PREMIUM
AK							
8232 to 1/1/88	40,886	16.22	6,632.00				
758	120,708	3.54	4,273.00				
.02	80,164	10.06	8,064.00				
8810	95,822	.82	786.00				
8742	20,439	1.04	213.00				
9898 Experience Mod 1.20			23,962.00				
0900 Expense Constant	358019		114.00				
8232 from 1/1/88	1,249	15.44	193.00				
8058	4,036	5.05	204.00				
2802	952	12.59	120.00				
8810	2,606	.82	21.00				
9898 Experience Mod 1.20	8843		646.00				
0900 Expense Constant	366862		15.00				

19768
338 prev.
+ H risk adder
19768
33994 - high risk cost adder

COLUMN
TOTALS

NOTE: All premiums shown have been fully earned. Payment is therefore due immediately on presentation of this bill.

My cost to insurance company
24,747.00

My Claims including 200% Reserve for 1987
76160

EARNED PREMIUMS (DETAIL ABOVE)	24,737.00
LESS PREMIUMS PREVIOUSLY CHARGED	16,189.00
ADDITIONAL XXXXX PREMIUMS	8,548.00

STATEMENT

INSURED'S COPY

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN • SPENARD

P.O. BOX V, JUNEAU 99811
(907) 465-3892



RECEIVED

MAY 04 1987

C

CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUB-COMMITTEE

May 4, 1987

MEMORANDUM:

To: Senator Mitch Abood, Chair
Senate State Affairs Committee

From: Representative Dave Donley *TD*

Re: Request for hearing - HB 43

I am writing to request a hearing before the Senate State Affairs Committee on HB 43, relating to return transportation for workers.

HB 43 amends a state law that's been on the books since 1949 that requires an employer to pay return transportation costs for a worker when they paid transportation to the job site and the worker was not fired for cause.

HB 43 makes four changes to current law:

- 1) requires an employer to notify an employee of their right to return transportation,
- 2) exempts an employer from the requirement if the employee has held the job for a year or more,
- 3) provides that an employee may be returned to their place of residence at the time of hire if agreed upon by both parties at the time of termination and
- 4) requires an employer to pay return transportation costs for an employee hired from outside the state, regardless of whether they paid the way to the job site, as long as the employee has not established residency in Alaska during the course of their employment.

HB 43 passed the House unanimously nearly one month ago today.
It has a zero fiscal note and is strongly endorsed by the Department of Labor. The Attorney General's office has submitted an opinion declaring the measure free of any Constitutional problems.

Requiring employers to provide appropriate return transportation for workers is good public policy and has economic benefits for Alaskans as well. HB 43 would have a positive effect toward encouraging Alaska hire. Your timely consideration would help Alaskan workers better compete for jobs many so badly need right now.

I'd appreciate a hearing on the measure at your earliest convenience. Please contact my office at 3892 if you have any questions or need additional information.

cc: Senator Jan Faiks, President
Alaska State Senate

Senator Dick Eliason, Chair
Senate Rules Committee

Senator Tim Kelly, Chair
Senate Labor and Commerce Committee

Senator Jay Kerttula, Chair
Senate Judiciary Committee

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act Relating to Return
Transportation for Workers
Sponsor: Donley and Koponen
Requestor: _____

Agency Affected: Department of Administration
BRU: Personnel

Components: Centralized Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

CSHB 43 deals with paying return transportation costs for workers whose employment is terminated within the first year.

Provision for financing the return transportation of new employees to their original place of residence upon termination of employment has been public policy since 1949. The significance of CSHB 43 is that the proposed definition of "employer" would, for the first time, make the law applicable to State employees.

Prepared By: Diana DeSimone
Division: Personnel

Phone: 465-4430

Date: 1-21-88

Approved by Commissioner: John M. Andrews
Agency: Department of Administration

Date: 1/23/88

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For CSHB 43

In FY 86, the State expended \$1,232,000 for moving and relocation costs. This figure includes legislative relocation costs which totaled \$219,100 in FY 86. Deducting costs for legislative moves leaves approximately \$1,000,000 for moving other State employees. The average cost of moving these employees is between \$10,000 and \$15,000. (Costs are higher because these are permanent versus temporary moves.) At an average of \$12,500 per move, this equates to about 80 moves of "regular" State employees.

We estimate that only about 10 percent of these paid moves are to entice new employees to join the State workforce, the only situation to which CSHB 43 would apply. (Faying moves of "on-board" State employees is usually associated with getting a seasoned, trained employee to change their location for the good of the service.)

In the eight situations to which CSHB 43 is applicable, it is unlikely that more than one or two of the employees would terminate within the first year. Therefore, the associated moving costs could be absorbed with existing resources.

LOCAL HIRE

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 6, 1987

SUBJECT: HB 43 (Return transportation for workers)
TO: Senator Jan Faiks
FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested an opinion concerning whether there are constitutional problems inherent in HB 43, which requires that an employer furnish return transportation to employees in a variety of circumstances. Employers who provide transportation from the place of hire to the worksite or who agreed to employ a person who resided outside the state (whether or not the employer provided transportation to the worksite) are subject to the requirements of the bill. In my opinion, the second requirement, which applies only to employers who hire nonresidents, may be constitutionally infirm under either the equal protection clause of the state constitution or the privileges and immunities clause of the federal constitution.

The Alaska Supreme Court has held that under the state's equal protection clause, in cases not involving fundamental rights or suspect classifications, legislation must be based on a legitimate public purpose and the classification must 'be reasonable, not arbitrary, and . . . rest upon some ground of difference having a fair and substantial relation to the object of the legislation. Wilson v. Municipality of Anchorage, 669 P.2d 569, at 572, (1983) (citations omitted).

Under HB 43, employers who choose to employ a nonresident have a potential liability for transportation costs after a job ends that employers without nonresident employees do not have. While HB 43 grants nonresidents more rights than it grants residents, it can also be viewed as placing a burden on employers who choose to hire nonresidents and therefore placing the nonresident worker at a disadvantage when competing with a resident for employment in the state.

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MAY 08 1987

Either the person or the department may request transportation. The bill does not address whether or to what extent the right may be waived. If a nonresident is able to waive rights to return transportation, then the bill would not place nonresidents at a disadvantage in the competition for employment. However, because the department can make the request for return transportation on behalf of a nonresident, it is not clear that an employee would be held to have waived his rights under the statute.

To the extent that the added cost of employing nonresidents discourages employers from hiring nonresidents, a court might find that the legislation infringed on the nonresident job applicant's fundamental right to travel and therefore violated the equal protection clause of the state and federal constitutions. Under the state constitution, to justify an infringement of a fundamental right, the state would bear a higher burden of showing a fair and substantial relation between the problem posed by nonresidents and the remedy implemented by the legislation.

The employer's interest in freedom from an economic burden is an economic one. The court stated in Wilson, 669 P.2d at 572, that

(e)conomic interests have traditionally been afforded minimal protection under equal protection analyses. . . . accordingly although the relationship between the classification and the legitimate governmental objective must be fair and substantial, a less than perfect fit between the means and ends will be tolerated.

This is an easier standard to meet than the standard required to survive a challenge from a nonresident job applicant.

A possible objective of the bill is to assist nonresident workers whose employment has ended to return to their home states, and to help insure that Alaskan communities are not harmed by their presence. Factually, this may be hard to support since a nonresident entitled to the return transportation may plan to remain in Alaska regardless of being employed (an example would be a family member of someone stationed here because of military service). Unless there is some showing that the continued presence of people who were hired as nonresidents creates a problem for the state,

it is hard to support this justification. The bill also does not differentiate between nonresidents who later become residents and those who choose not to become residents.

Another possibility is that the legislation is intended to discourage the hiring of nonresidents. In Lynden Transport, Inc. v. State, 532 P.2d 700, at 711, (Alaska 1975), the court held that benefiting economic interests of residents over nonresidents is not a purpose which may constitutionally vindicate discrimination under either the federal or the state equal protection clauses.

The legislation is also subject to scrutiny under the privileges and immunities clause of the federal constitution, Article IV, Section 2. The clause provides:

The citizens of each state shall be entitled to all privileges and immunities of citizens in the several states.

As noted by the Alaska Supreme Court in Francis v. Robison, 713 P.2d 259 (Alaska 1986), the primary purpose of the privileges and immunities clause is to prevent states from discriminating against nonresidents for reasons of economic protectionism. The clause does not prohibit all discrimination against a nonresident. It protects fundamental rights, and employment has been held to be such a right. If a statute impairs a fundamental right of nonresidents, discrimination is only permitted where there is a substantial reason that justifies it. To find a substantial reason, there must be a showing that nonresidents are 'a peculiar source of the evil' which the state's action is meant to remedy. There must also be a close relationship between the means employed by the statute to remedy the problem and the goal the statute seeks to accomplish. The availability of less restrictive means to accomplish that goal is relevant.

The first question to be considered is whether there is a substantial justification for the requirement for return transportation. A nonresident who provided his own transportation to the place of employment would ordinarily expect to get himself elsewhere at the conclusion of the job. To support the bill, the state would have to point to serious problems caused to the community or to workers by these nonresident employees who failed to leave after the end of their employment. It would also have to show that granting all nonresidents the right to return transportation

Senator Faiks
February 6, 1987
Page 4

was the best available way to solve the problem. A serious problem in a single industry, for example, would not validate the extensive reach of the bill.

There may be justifications not addressed in this memorandum that satisfy the constitutional standards. Whether the legislation would survive scrutiny depends on what the problem is and how closely the legislation is tailored to answer that problem.

The House Labor and Commerce Committee adopted a Committee Substitute which makes some changes in the mechanics of the bill, limiting the right to claim return transportation by requiring that the request be made within one year of the end of employment, and defining employer. While the one year limitation narrows the protection, it is probably not enough to remedy the other infirmities.

If I may be of further assistance, please advise.

TC:mkr
m8/102

RECEIVED MAY 0 5 1987

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN • SPENARD

P.O. BOX V, JUNEAU 99811
(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUB-COMMITTEE

May 4, 1987

M E M O R A N D U M:

To: Senator Mitch Abood, Chair
Senate State Affairs Committee

From: Representative Dave Donley *TD*

Re: Request for hearing - HB 43

I am writing to request a hearing before the Senate State Affairs Committee on HB 43, relating to return transportation for workers.

HB 43 amends a state law that's been on the books since 1949 that requires an employer to pay return transportation costs for a worker when they paid transportation to the job site and the worker was not fired for cause.

HB 43 makes four changes to current law:

- 1) requires an employer to notify an employee of their right to return transportation,
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- 4) requires an employer to pay return transportation costs for an employee hired from outside the state, regardless of whether they paid the way to the job site, as long as the employee has not established residency in Alaska during the course of their employment.

HB 43 passed the House unanimously nearly one month ago today.
It has a zero fiscal note and is strongly endorsed by the Department of Labor. The Attorney General's office has submitted an opinion declaring the measure free of any Constitutional problems.

Requiring employers to provide appropriate return transportation for workers is good public policy and has economic benefits for Alaskans as well. HB 43 would have a positive effect toward encouraging Alaska hire. Your timely consideration would help Alaskan workers better compete for jobs many so badly need right now.

I'd appreciate a hearing on the measure at your earliest convenience. Please contact my office at 3892 if you have any questions or need additional information.

cc: Senator Jan Fair's, President
Alaska State Senate

Senator Dick Eliason, Chair
Senate Rules Committee

Senator Tim Kelly, Chair
Senate Labor and Commerce Committee

Senator Jay Kerttula, Chair
Senate Judiciary Committee

Bill No. Committee Substitute for
House Bill 43 (Rules)

Title "An Act relating to return
transportation for workers and
requiring payment of return
transportation costs for workers
hired from outside the state."

Date April 13, 1987

Contact: Tom Stuart
465-4870

Eileen Plate
465-2700

Committee Substitute for House Bill 43 (Rules) clarifies and strengthens provisions in AS 23.10.380 which deal with workers' rights to return transportation.

Specifically CSHB 43:

- (1) adds a third option to the destinations to which an eligible worker may be returned upon termination of employment. Under current law, an employer is responsible for return transportation to either the place of hire from which transportation was originally furnished or to another destination agreed upon by the employer and the worker. Under CSHB 43, transportation to the worker's place of residence at the time of hire is also included as an option;
- (2) limits an employer's liability for payment of return transportation to those workers terminated within one year of the date they were employed. The current law is silent in this regard;
- (3) adds a new provision requiring employers who hire workers to notify such workers of their rights to return transportation;
- (4) provides that a worker who was residing outside the state when the employer tendered an offer of employment is entitled to return transportation unless the worker establishes residency in the state. Under current law, a worker is entitled to return transportation only if the employer provided transportation to the place of employment at the time of hire; and
- (5) clarifies that the return transportation provisions are applicable to the State of Alaska as well as all other employers. This is consistent with the Department's present application of this law.

In its enforcement of the return transportation law, the Department has observed the following practices which are aimed at circumventing the overall intent of the return transportation law.

Some employers offer employment to workers residing outside the state and advise them to report to a designated location in the state. When the workers arrive, they are then informed that they will not be hired unless they pay their own travel expenses. Since under the current law return transportation is required only in those situations where the employer paid transportation to the place of employment, this practice effectively exempts the employer from his responsibilities under the return transportation law. The provisions in Section 2 of CSHB 43 would preclude employers from circumventing their obligations in this regard.

POSITION PAPER/Department of Labor

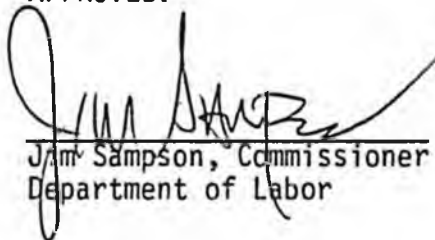
- Some employers also use the practice described above to reduce their liability for return transportation. For example, under current law a worker residing inside or outside the state can be offered a job in Nome and told to report to Anchorage or Fairbanks. The employer then pays the worker's transportation costs only from Anchorage or Fairbanks to Nome; and thereby reduces his liability for return transportation. The amendment in Section 1 of this bill which entitles the worker to return transportation to his place of residence would prevent circumvention of the intent of the law in this way.

The notification requirement in Section 2 of the bill is appropriate in order that a workers' right to return transportation is not forfeited solely because he was not aware of his entitlement. This is particularly important since a worker's right to request return transportation must be exercised within 45 days after termination of employment.

The one year limitation on rights to return transportation provided in Section 1 of the bill is an effort to apply a standard of reasonableness to the return transportation law. The law is aimed at providing return transportation to workers who incur such costs in connection with employment on a particular assignment or project that is not of a permanent or on-going nature.

The Department supports CSHB 43 (Rules), which is designed to assist in preventing the exploitation of workers. It will not have a fiscal impact on the Department.

APPROVED:



Jim Sampson, Commissioner
Department of Labor

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: CSHB 43 (Rules)

Publish Date: _____

REQUEST: _____

Revision Date: _____

Agency Affected: Labor

Title: "An Act relating to return
transportation for workers and ..."

BRU: Labor Standards and Safety

Sponsor: Donlev, Koponen, Davidson

Components: Wage and Hour

Requestor: Senate State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS -						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: ^{MB} Tom Stuart, Director *Stuart*

Phone: 465-4870

Division: Labor Standards and Safety

Date: 4/13/87

Approved by Commissioner: ^{MB} Jim Sampson *J. Sampson*

Date: 4/13/87

Agency: Labor

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

HB

44

SENATE COMMITTEE REPORT

FURTHER Judiciary
Finance

DATE TURNED INTO OFFICE 4-21-88

1/15/88
Mr. President:

State Affairs Committee considered CSHB 44 (FIN) am
motor vehicle liability insurance and vehicle registration; efd

and recommended

replace with 5 CS CSHB (SA) same title
 or adopt CS new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)
 new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Joe P. ...

Do Not Pass

Don ...
Chairman signature and recommendation

Committee Backup attached

BILL NO: SCSCSHB44(SA)

DATE: April 25, 1988

TITLE: An Act relating to motor
vehicle liability insurance
and vehicle registration

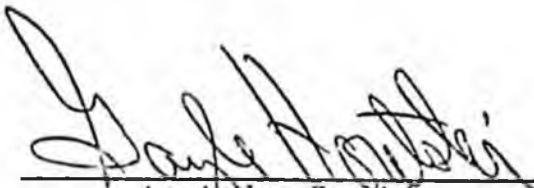
CONTACT: Bill Brown
465-4335

DEPARTMENT OF
PUBLIC SAFETY

This bill will require a person, prior to registering a motor vehicle, to certify that the vehicle is insured. The bill also repeals the sunset clause of the current Mandatory Insurance Law, which will sunset January 1, 1989, if no action is taken, and amends that law to correct two problem areas. In addition, the bill increases the annual registration fee for commercial vehicles by \$1.00, and changes the definition of "proof of financial responsibility".

The current Mandatory Insurance Law has had a positive effect on the number of uninsured motorists. It is felt that repeal of the sunset of that law is beneficial to the general motoring public. The new section of law dealing with certification of insurance at the time of vehicle registration will have some impact on the mail-out renewal program for the first couple of years until the public is familiar with the requirements. It may also have an effect on further reducing the number of uninsured motorists. The increase in fees will require minor computer program and form modifications.

The department supports this bill.



Arthur English
Commissioner

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN - SPENARD

PO. BOX V, JUNEAU 99811
(907) 465-3892



HB 44 - MANDATORY AUTOMOBILE INSURANCE PROGRAM

By Representative Dave Donley, Sponsor
January 14, 1988

CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUB-COMMITTEE

HB 44, a measure to continue Alaska's mandatory automobile insurance program, passed the House on reconsideration today with a 35 - 2 vote.

HB 44 contains five major provisions:

1. Repeals the "sunset" included in the original law that would have ended the program in January 1989.
2. Requires proof of insurance "up front" in order to register a vehicle.
3. Cleans up problems with the financial responsibility section of the law that has been identified through court action since the original law was adopted.
4. Raises the cost of registering some commercial vehicles by \$1 dollar. (Approximately 50,000 commercial vehicles were registered in Alaska in 1987).
5. Amends the arbitration section of the law to allow arbitrations costs to be included in any award.

HB 44 was referred to the House Labor and Commerce, Judiciary and Finance Committee. The Finance Committee version was amended on the floor of the House to correct the effective date (in the original bill: January 1, 1988).

The Department of Public Safety estimates that HB 44 will require one additional clerk position to take care of mail in registration forms, at a cost of \$34,000 per year. The measure will generate approximately \$50,000 per year through increased registration fees.

The number of uninsured drivers in Alaska was estimated at 20 to 40 percent before the mandatory automobile insurance law took effect. The Department now estimates that number at around 10 percent. HB 44 could significantly reduce that number even further.

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN - SPENARD

P.O. BOX V, JUNEAU 99811
(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUBCOMMITTEE

Wednesday, January 13, 1988

SUMMARY OF COMMITTEE SUBSTITUTES AND REPORTS ON
HB 44 - MANDATORY AUTOMOBILE INSURANCE
Prepared by Representative Dave Donley

DB

HOUSE LABOR AND COMMERCE COMMITTEE:

HOUSE L&C CS ADDED A \$1 RAISE IN ALL VEHICLE REGISTRATION FEES, "FIXED" THE SR 22/PROOF OF FINANCIAL RESPONSIBILITY PROBLEM (YOU NOW HAVE TO HAVE INSURANCE ON ANY AND ALL VEHICLES YOU DRIVE) AND DELETED LANGUAGE REQUIRING NOTIFICATION OF CANCELLATION OF INSURANCE FROM ORIGINAL HB 44.

COMMITTEE VOTE WAS: MENARD & FURNACE - NO REC, DONLEY, KOPONEN, ELLIS, BOUCHER, DAVIDSON - DO PASS.

HOUSE JUDICIARY COMMITTEE

HOUSE JUDICIARY COMMITTEE ADDED "PROGRAMS RECEIPT" LANGUAGE (AS PER SPONSOR'S AMENDMENT TO THE COMMITTEE), RAISED THE REGISTRATION FEE BY \$5, AND ADDED "CERTIFY TO THE DEPARTMENT AND *PROVIDE PROOF OF THE EXISTENCE OF A LIABILITY POLICY".

COMMITTEE VOTE WAS: TAYLOR - DO NOT PASS, ULMER, SUND, GRUENBERG, BARNES, NAVARRE, COTTEN - DO PASS

HOUSE FINANCE COMMITTEE:

HOUSE FINANCE COMMITTEE TOOK OUT THE *"PROVIDE PROOF" LANGUAGE AND PUT THE REGISTRATION FEE BACK TO A \$1 RAISE FOR ALL VEHICLES UNDER AS 28.10.421(C) (WHICH COVERS ALMOST ALL COMMERCIAL VEHICLES).

COMMITTEE VOTE WAS: FRANK AND WALLIS - NO REC, ADAMS, POURCHOT, LARSON, BROWN, REIGER, BOYER, SWACKHAMMER, GOLL AND DAVIS - DO PASS.

FISCAL NOTES

THE DEPARTMENT ESTIMATES THE PROGRAM (UNDER THE HOUSE FINANCE VERSION) WILL COST AN ADDITIONAL \$34 THOUSAND/YEAR FOR ONE FULL TIME POSITION TO HANDLE MAIL-IN REGISTRATION. THE \$1 DOLLAR INCREASE IN COMMERCIAL VEHICLE REGISTRATION FEES UNDER THE FINANCE CS WILL GENERATE ABOUT \$50 THOUSAND DOLLARS A YEAR.

THE FISCAL NOTE SUBMITTED BY THE DEPARTMENT BEFORE LANGUAGE REQUIRING *"PROOF" OF INSURANCE AND NOTIFICATION OF CANCELLATION OF INSURANCE, WAS DELETED WAS OVER \$600 THOUSAND DOLLARS.

* * * * *

*"PROOF" WOULD REQUIRE A COPY OF AN INSURANCE POLICY AS OPPOSED TO "CERTIFY" WHICH COULD BE SATISFIED WITH A COPY OF AN INSURANCE BINDER OR A SWORN AFFIDAVIT.

Original sponsors: Donley and Collins

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 44 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to motor vehicle liability insurance
7 and vehicle registration; and providing for an effective date."
8

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

10 * Section 1. AS 21.89.020 is amended by adding a new subsection to
11 read:

12 (f) An automobile liability insurance policy must provide that
13 all expenses and fees, not including counsel fees, incurred because of
14 arbitration or mediation shall be paid as a part of the arbitration
15 award.

16 * Sec. 2. AS 28.10.021(a) is amended to read:

17 (a) The owner of a vehicle subject to registration shall apply
18 for registration under this chapter by properly completing the form
19 prescribed by the commissioner under AS 28.05.041. Before the issuance
20 of a certificate of registration by the department, the owner
21 shall

22 (1) pay all registration fees and taxes required under this
23 chapter and federal heavy vehicle use taxes required under 26 U.S.C.
24 4481 (Internal Revenue Code of 1954);

25 (2) unless the owner qualifies as a self-insurer under
26 AS 28.20.400, or is exempted from obtaining liability insurance under
27 AS 28.22.200, certify to the department the existence of a motor
28 vehicle liability policy that complies with AS 28.22.200 for the
29 vehicle being registered and certify that the liability policy will

1 remain in effect for the term the vehicle is registered and being
2 driven on a highway, vehicular way or area, or until the vehicle is
3 sold; and

4 (3) [SHALL] comply with [ANY] other applicable statutes and
5 regulations.

6 * Sec. 3. AS 28.10 041(a) is amended to read:

7 (a) The department may refuse to register a vehicle if

8 (1) the application contains a false or fraudulent state-
9 ment;

10 (2) the applicant fails to furnish information required by
11 the department;

12 (3) the applicant is not entitled to the issuance of a
13 certificate of title or registration under this chapter;

14 (4) the vehicle is determined to be mechanically unsafe to
15 be driven or moved on a highway, vehicular way or area, or other
16 public property in the [THIS] state;

17 (5) the department has reasonable grounds to believe that
18 the vehicle was stolen or fraudulently acquired or that the granting
19 of registration would be a fraud against the rightful owner or other
20 person having a valid lien upon the vehicle;

21 (6) the registration of the vehicle has been suspended or
22 revoked for any reason under the laws of the [THIS] state;

23 (7) the required fees or taxes have not been paid;

24 (8) the vehicle or applicant fails to comply with this
25 chapter or regulations authorized by this section;

26 (9) the vehicle is without a certificate of inspection
27 required under AS 28.32.010;

28 (10) the vehicle is subject to a state-approved local
29 emission inspection program adopted by municipal ordinance under

1 AS 46.03.210, and the vehicle does not meet the standards of that
2 program, unless the vehicle uses a fuel source that does not primarily
3 emit carbon monoxide;

4 (11) the applicant fails to certify to the department the
5 existence of a motor vehicle liability policy that complies with
6 AS 28.22.010 for the vehicle being registered, unless the owner of the
7 vehicle qualifies as a self-insurer under AS 28.20.400, or is exempted
8 from obtaining liability insurance under AS 28.22.200.

9 * Sec. 4. AS 28.10.051 is amended by adding a new subsection to read:

10 (b) Unless the owner qualifies as a self-insurer under AS 28.-
11 20.400, or is exempted from obtaining liability insurance under
12 AS 28.22.200, the department may suspend or revoke th registration of
13 a vehicle that is not insured by a motor vehicle liability policy that
14 complies with AS 28.22.010.

15 * Sec. 5. AS 28.10.421(c) is amended to read:

16 (c) The annual registration fees under this subsection are
17 imposed and are based upon the actual unladen weight as established by
18 the manufacturer's advertised weight or upon the actual weight which
19 the owner shall furnish, subject to the approval of the commissioner
20 or the commissioner's representative, for a vehicle, including a motor
21 vehicle pulling a trailer or semi-trailer, used or maintained for the
22 transportation of passengers for hire, excepting taxicabs and buses
23 under (b) of this section, or for the transportation of property for
24 hire or for other commercial use, including a commercial vehicle such
25 as a trailer, semi-trailer, truck, wrecker, tow car, hearse, ambu-
26 lance, and tractor, as follows:

- 27 (1) up to and including 5,000 pounds \$51 [\$50];
28 (2) more than 5,000 pounds to and including 12,000 pounds .
29 \$86 [\$85];

- 1 (3) more than 12,000 pounds to and including 18,000 pounds
2 \$156 [\$155];
3 (4) more than 18,000 pounds \$221 [\$220].

4 * Sec. 6. AS 28.10.421 is amended by adding a new subsection to read:
5 (f) The fees collected by the department under this section
6 shall be deposited in the general fund. The Department of Adminis-
7 tration shall separately account for three percent of the fees
8 collected under this section and deposited in the general fund. The
9 annual estimated balance in the account may be used by the legislature
10 to make appropriations for administration of AS 28.10.021(a) and
11 AS 28.22 (Alaska Mandatory Automobile Insurance Act).

12 * Sec. 7. AS 28.15.255(c) is amended to read:
13 (c) In this section, the term "proof of financial responsibility
14 [FOR THE FUTURE]" has the meaning given in AS 28.20.630 [AS 28.20.-
15 230(b)] and may be established as provided in AS 28.20.

16 * Sec. 8 AS 28.20.630 is amended to read:
17 Sec. 28.20.630. DEFINITIONS [DEFINITION]. In this chapter,
18 unless the context otherwise requires,

19 (1) "judgment" ["JUDGMENT"] means a judgment that [WHICH]
20 is final by expiration without appeal of the time within which an
21 appeal may be taken, or final by affirmation on appeal, given by a
22 court of a [ANY] state or of the United States, upon a cause of action
23 arising out of the ownership, maintenance, or use of a vehicle of a
24 type subject to registration under the laws of this state, for dam-
25 ages, including damages for care and loss of services, because of
26 bodily injury to or death of a person, or for damages because of
27 injury to or destruction of property, including the loss of use of
28 property, or upon a cause of action on an agreement of settlement for
29 such damages;

1 (2) "proof of financial responsibility" means an owner's
2 motor vehicle liability policy that covers all vehicles owned by the
3 person that are subject to registration in this state, or if the
4 person does not own a vehicle, proof required under AS 28.20.390.

5 * Sec. 9. AS 28.22 is amended by adding a new section to read:

6 Sec. 28.22.610. SHORT TITLE. This chapter may be cited as the
7 Alaska Mandatory Automobile Insurance Act.

8 * Sec. 10. Section 1 of this Act applies to automobile liability insur-
9 ance policies entered into or renewed on or after the effective date of
10 this Act.

11 * Sec. 11. AS 28.20.230(b) and secs. 17, 18, 19, 20, and 23 of ch. 70,
12 SLA 1984 are repealed.

13 * Sec. 12. This Act takes effect January 1, 1988.

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN - SPENARD

P.O. BOX V, JUNEAU 99811
(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUB-COMMITTEE

January 12, 1987

PRESS RELEASE * PRESS RELEASE *

Contact Person:
Representative Dave Donley
465-4954 or 465-3892

MANDATORY AUTO INSURANCE PROGRAM UP FOR A VOTE

HB 44, a measure to continue Alaska's mandatory automobile insurance program, will be up for a vote before the Alaska House of Representatives on Wednesday, January 13, 1988.

The bill, introduced by Representative Dave Donley, (D) - Anchorage, repeals the "sunset provisions" that would end the mandatory insurance program in January 1989.

HB 44 requires proof of insurance "up front" in order to register a vehicle and closes a loophole in the current financial responsibility section of the law. The bill also raises the fee for registering a vehicle by \$1 dollar to cover the costs of running the program.

"I'm very excited to see the bill come to a vote," said Representative Dave Donley. "The mandatory insurance program is an important law and HB 44 will keep it on the books. Better than that", Donley said, "HB 44 makes the law tougher and easier to enforce".

"Before Alaska's current mandatory insurance program went into effect", Donley said, "it was estimated that 20 to 40 percent of Alaska's drivers were uninsured. Now the Department of Public Safety pegs that number at around ten percent. HB 44 could cut that number in half".

"Responsible Alaskans insure their vehicles", Donley said. "This law helps weed out the irresponsible few who are putting us all at risk".

ALASKA STATE SENATE

JOE P. JOSEPHSON
DISTRICT H ANCHORAGE
3111 C STREET, SUITE 550
ANCHORAGE, ALASKA 99503
(907) 561-7611



WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4525

APR 17 1988

To: Senator Mitch Abood, Chairman
Senate State Affairs Committee

From: Senator Joe Josephson *Joe Josephson*

Re: Amendments to motor vehicle insurance legislation
under consideration

Date: April 14, 1988

On April 11th, I requested that the State Affairs Committee consider combining two bills that deal with mandatory motor vehicle insurance: one of them is my bill (SB 127) that passed out of our Committee last year, and one is HB 44 which is currently under consideration in our Committee. Attached are the amendments (from my bill) that I suggest be added to HB 44 to accomplish that action.

As I mentioned in my prior memorandum, it is my understanding that the Division of Motor Vehicles intends to support the combined HB 44.

With these amendments I am hopeful that we can take up this bill soon and move it out of Committee. Unless I hear from you I will assume there is nothing further I can do until the bill is brought up again in Committee.

Attachment.

cc: Commissioner Art English, Public Safety
Bill Brown, DMV, Public Safety
Representative Dave Donley
Ginger Baim, Rep. Donley's office
Carol Horos, Sen. Abood's office
Members of the Senate State Affairs Committee (also
copied with April 11, 1988 memo referenced above)

A M E N D M E N T

Offered in the SENATE

By Josephson

TO: CSHB 44(Finance) am

Page 1, after line 9:

Insert a new bill section to read:

"* Section 1. AS 21.36 is amended by adding a new section to read:

Sec. 21.36.045. NOTICE OF LIMITED MOTOR VEHICLE INSURANCE. (a)
An insurance policy that provides coverage only against property damage to a motor vehicle and that does not provide liability coverage as required under AS 28.22.010(d) must contain the following statement printed in bold face type: "This policy provides insurance only against damage to the motor vehicle. This policy does not insure against bodily injury, death, or property damage liability and does not satisfy the mandatory motor vehicle liability insurance requirements of AS 28.22.010."

(b) If the insured under (a) of this section is not the owner of the motor vehicle, a copy of the policy shall be provided to the owner."

Page 1, line 10:

Delete "Section 1."

Insert "Sec. 2."

Renumber remaining bill sections accordingly.

Page 5, after line 4:

Insert a new bill section to read:

"* Sec. 10. AS 28.22.200 is amended by adding a new subsection to read:

(c) In this section, "operator" does not include an employee who operates, during the course and within the scope of the employment, a motor vehicle that is owned or leased by the operator's employer."

Renumber remaining bill sections accordingly.

Page 5, line 8:

Delete "Section 1"

Insert "Sections 1 and 2"

Page 5, line 13:

Delete "11"

Insert "13"

Page 5, line 14:

Delete "Section 12"

Insert "Section 14"

STATE OF ALASKA

STEVE COWPER, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

P. O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2515

DIVISION OF INSURANCE

March 24, 1988

Honorable David Donl
House of Representatives
P.O. Box V
Juneau, AK 99811

Dear Representative Donley:

Re: Auto Insurance - HB 44

Section 1 of the above-referenced bill mandates a change in motor vehicle liability policies to require that the cost of arbitration or mediation, except the attorney's fees, be paid as part of the arbitration award.

Under current practice, arbitration costs are borne equally by both parties, regardless of the outcome of the mediation. The new language introduced through HB 44 would allow the arbitrator to award all or part of the arbitration costs to whichever party the arbitrator decides should most appropriately bear the costs of the proceedings.

To the extent that this provision removes a potential barrier to the consumer to pursue arbitration, it is supported. Arbitration is encouraged in nearly every instance especially if the alternative is expensive civil litigation or denying a customer the ability to protest a controversy because their share of the potential arbitration costs equals or exceeds the claim in question.

Additionally, Section 1 may very well prevent a small or minor claim ripening into a major dispute encompassing other issues such as bad faith.

Thank you for this opportunity to provide input concerning this matter.

Very truly yours,



Paul Roller
Acting Director

PR/mst7609m
032488a

A M E N D M E N T

Offered in the HOUSE

By Donley

TO: CSHB 44 (Finance)

Page 5, lines 9 - 10:

Delete "the effective date of this Act"

Insert "January 1, 1989"

Page 5, lines 11 - 12:

Delete "and secs. 17, 18, 19, 20, and 23 of ch. 70, SLA 1984 are"

Insert "is"

Page 5, line 13:

Delete all material and insert:

"* Sec. 12. Sections 17, 18, 19, 20, and 23 of ch. 70, SLA 1984, are repealed.

* Sec. 13. Sections 1 - 11 of this Act take effect January 1, 1989.

* Sec. 14. Section 12 of this Act takes effect immediately under AS 01.10.070(c)."

A M E N D M E N T

Offered in the SENATE

TO: CSHB 44(Finance) am

Page 1, lines 14 - 15:

Delete "a part of the arbitration award"

Insert "determined by the arbitrator"

STATE OF ALASKA
THE LEGISLATURE

POUCH Y. STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 24, 1988

SUBJECT: Motor vehicle liability insurance
CSHB 44(Fin) am

TO: Representative Dave Donley

FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have asked several questions regarding CSHB 44(Fin) am. For clarity, each question is set out in this memo and a response follows:

1. What does "certify" mean as used in AS 28.10.021(a)(2), enacted in sec. 2 of the bill?

While "certify" is not defined, I believe this requires an owner who registers a vehicle to sign a statement or otherwise satisfy the department that the owner has an insurance policy and intends to continue to maintain the policy as required by law.

2. In AS 28.10.021(a)(2), enacted in sec. 2 of the bill, should the word "and" on page 2, line 1, be changed to "or" in order to allow a vehicle not being driven on a "highway, vehicular way, or area" to be exempt from the insurance requirement?

No. By using the term "and" it is only a vehicle that is required to be registered and is being driven on a highway, vehicular way, or area that is required to maintain liability insurance (until it is sold).

3. Does the language in section 1 regarding payment of expenses and fees as a part of an arbitration award allow an assessment of expenses and fees against both parties or a single party as determined by the arbitrator.

Representative Dave Donley

Page 2

March 24, 1988

If the language in this section is intended to allow an arbitrator to assess expenses and fees as determined by the arbitrator, then it would be clearer to delete the phrase "a part of the arbitration award" and substitute "as awarded by the arbitrator as mediator." This would remove the implication that only the party receiving an award can receive expenses and fees.

If you have further questions, please contact me.

MFF:bb

b4/047

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE

DISTRICT ELEVEN • SPENARD

NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

P.O. BOX V, JUNEAU 99811

(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE

January 19, 1988

M E M O R A N D U M

To: Senator Mitch Abood, Chair
Senate State Affairs Committee

From: Representative Dave Donley *LD*

Re: Request for hearing on HB 44 - Alaska Mandatory
Automobile Insurance Program.

I am writing to request a hearing before the Senate State Affairs Committee on HB 44 - Alaska's Mandatory Automobile Insurance Program.

HB 44 repeals the sunset provisions that would have ended the program in January 1989. In addition, the measure requires proof of insurance "up front" in order to register a vehicle, corrects problems with the financial responsibility section of the law, and adds \$1 to the cost of registering commercial vehicles that do not carry passengers for hire.

The increased registration fee will generate about \$50,000 in 1989. The Department of Public Safety's fiscal note for HB 44 is \$34,000 for one clerk position to handle mail-in registration.

HB 44 was considered by the House Labor and Commerce, Judiciary, and Finance Committee. It passed each committee and the full House by a wide margin.

Enclosed is a complete bill file. Please call me at 4954 if you have any further questions or need additional information.

P.S. I appreciate your comments in Wednesday's Times. I've been hit by an uninsured driver too. Hell of a way to start your day!

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB 44

Publish Date : _____

REQUEST: _____

Revision Date: _____

Agency Affected: Public Safety

Title: An Act relating to motor vehicle liability insurance and the.....

BRU: Motor Vehicles

Sponsor: Donley & Collins

Components: Vehicle Services

Requestor: House Labor & Commerce

& Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		449.6	472.1	495.7	520.5	546.5
TRAVEL		8.5	8.9	9.3	9.8	10.3
CONTRACTUAL		177.4	143.2	150.4	157.9	165.8
SUPPLIES		6.0	6.3	6.6	6.9	7.2
EQUIPMENT		14.4	-0-	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		655.9	630.5	662.0	695.1	729.8

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		655.9	630.5	662.0	695.1	729.8
FEDERAL FUNDS						
OTHER						
TOTAL		655.9	630.5	662.0	695.1	729.8

POSITIONS:

FULL-TIME		15	15	15	15	15
PART-TIME					-	
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached pages.

Prepared by: Bill Brown

Phone: 465-4335

Division: Motor Vehicles

Date: 1-22-87

Approved by Commissioner: [Signature]

Date: 1/27/87

Agency: Public Safety //

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

JNR
1/22/87

BILL NO: HB44

DATE: January 21, 1987

TITLE: An Act relating to motor vehicle liability insurance and the insurance requirements . . . CONTACT: Bill Brown 465-4335

DEPARTMENT OF PUBLIC SAFETY

This bill requires owners of motor vehicles to provide proof of motor vehicle liability insurance prior to registering a motor vehicle. The bill also requires insurance companies to notify the department when a motor vehicle liability policy is "cancelled" at which time the department would suspend the registration for the vehicle. The bill does not require notification by insurance companies when a policy expires, thus no action would be taken by the department when a policy expires, but is not renewed, as the department would be unaware of these situations.

Requiring proof of insurance at the time of registration will impact DMV at its field offices, and the mail-out program. The time involved in the registration process will increase. Such work increases will create long lines at major field offices.

The requirement of notification placed on insurance companies will create additional workload on the companies, of which the cost will probably be passed on to the public by increasing premiums. Keeping track of the notifications and suspending registrations by DMV with all the "due process" requirements will create a costly administrative burden.

The cost of the extra workload could be justified if such a program were extremely effective. The experience of other states has shown this is not the case. It is relatively easy for a person to obtain a binder, register a vehicle, and then immediately cancel the policy without making any payments. States with requirements similar to this bill estimate that between 3 and 10 percent of their registered vehicles are uninsured.

The Department of Public Safety opposes this bill because it is not cost effective.

William R. Nix

WILLIAM R. NIX
Acting Commissioner

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 44

ANALYSIS:

There are approximately 450,000 motor vehicles for which proof of insurance will be required prior to registration. The checking and processing of the insurance papers will require extra time at the field offices, and for the mail-out program. It is estimated that approximately 20-30% of these vehicles will be refused registration upon first application because the owner does not have proper proof. This will require a second trip to division offices when the proper proof is obtained.

It is estimated that 10% of the vehicles (45,000) will have policy cancellations due to non-payment, sale of vehicle, leaving state, etc. Suspension notices would be sent to 90% of those owners (40,500). No notice would be sent when registration is expiring within 30 days. The notices must be sent by certified mail as required by law. Approximately 2,500 hearings will be requested annually as a result of the suspension notices.

71000 Personal Services

Anchorage

1 Driver Imp. Spec. (Hearing Officer)	43.8	
Range 16	31.4	
1 Document Proc. Clk III, Range 10	119.2	
4 MVR II, Range 9	56.4	
2 Document Proc. Clk II, Range 8	80.5	
3 Document Proc. Clk I, Range 7	53.6	
2 Clerk Typist II, Range 7		

Fairbanks

2 MVR II, Range 9	64.7	449.6
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72000 Travel

Travel and per diem for hearing officer to conduct hearings	8.5	8.5
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73000 Contractual

Professional Services

DP program modification	36.0*	36.0
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Communications

Postage

Return mailing for incorrect renewals	8.8	
Certified suspension letters		
40,500 @ \$1.75	70.9	
Certified hearing letters		
2,500 @ \$1.75	4.4	
General correspondence	2.5	
Telephones and tolls	3.0	89.6

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 44

Promotion and Advertising		
Forms	7.5	
Advertising	<u>5.0</u>	12.5
DP Network Connect - 9 terminals	9.0	
CRT maintenance	<u>8.1</u>	17.1
Equipment lease		
9 CRTs and printers @\$206 per month each	22.2	<u>22.2</u>
		177.4
74000 Supplies		
Normal office supplies, computer paper, microfilm supplies, etc.	6.0	6.0
75000 Equipment		
5 desks @ \$468	2.3	
4 typewriters @ 1369	5.5	
5 chairs @ \$272	1.4	
4 counter stools @ \$350	1.4	
3 CRT tables @ \$225	.7	
6 file cabinets @ \$308	1.8	
1 storage cabinet @ \$300	.3	
Recording equipment	<u>1.0</u>	
		<u>14.4</u>
		TOTAL 655.9

* initial programming charge - first year only.

5% inflation factor used for FY89 and subsequent years.

Position Title Driver Improvement Specialist (Hearing Off.)		No. of Positions 1	Range/Step 16A	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure			Amount	
1	2	3		
Salary	32,424			
Benefits	8,106			
Premium Pay				
Other	3,027			
Total Personal Services		43.8		
Travel		8.5		
Contractual		5.0		
Commodities		.7		
Equipment		1.0		
Other				
Total Cost		59.0		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	59.0		
I-A Receipts	1006			
CIP Receipts	1061			
Other				
<p>Th' position will hold hearings under the motor vehicle administrative suspension program. Each time an individual's motor vehicle registration has been suspended the owner has the right to ask for a hearing. The position would prepare the records for each hearing and maintain the appropriate records of the hearing.</p> <p>Travel for FY88 is based on trips to the Kenai Peninsula, Palmer, Kodiak and areas in Southeast.</p>				

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Vehicle Services

Page 4 of 10
 Revised Date

FY 88

Position Title Document Processing Clerk III		No. of Positions 1	Range/Step 10B	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure		Amount		
1	2	3		
Salary	22,716			
Benefits	5,679			
Premium Pay				
Other	3,027			
Total Personal Services		31.4		
Travel				
Contractual		2.0		
Commodities		.4		
Equipment		2.1		
Other				
Total Cost		35.9		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	35.9		
I-A Receipts	1006			
CIP Receipts	1061			
Other				
<p>This position would process correspondence concerning oral and written communications or statements from motor vehicle owners following notification of suspension.</p> <p>Would be sub-supervisor of the mandatory insurance section. When necessary would prepare suspension notices for those whose insurance cancellation notices have been received. These actions would be data entered in the computer system to verify for accuracy of status, and to prevent legal repercussions.</p>				

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Vehicle Services

Page 5 of 10
 Revised Date

FY 88

Position Title Motor Vehicle Representative II		No. of Positions 4	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 48	Location Anchorage		Election District 7-15
Type of Expenditure		Amount		
1	2	3		
Salary	85,680			
Benefits	21,420			
Premium Pay				
Other	12,110			
Total Personal Services		119.2		
Travel				
Contractual		17.5		
Commodities		.8		
Equipment		1.1		
Other				
Total Cost		138.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	138.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

Justification

These positions would work the public counter to issue motor vehicle registrations and titles. Would assist the public by responding to inquiries concerning motor vehicle insurance requirements.

When necessary these positions will assist the mail out section in processing renewals and verification of insurance.

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Field Services

Page 6 of 10
 Revised Date

FY 88

Position Title Document Processing Clerk II		No. of Positions 2	Range/Step 8B	Barg. Unit GGU																																																
Time Status PFT	Staff Months 24	Location Anchorage		Election District 7-15																																																
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td></td> <td>40,272</td> <td></td> </tr> <tr> <td>Benefits</td> <td></td> <td>10,068</td> <td></td> </tr> <tr> <td>Premium Pay</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td>6,054</td> <td></td> </tr> <tr> <td>Total Personal Services</td> <td></td> <td></td> <td>56.4</td> </tr> <tr> <td>Travel</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Contractual</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Commodities</td> <td></td> <td></td> <td>.8</td> </tr> <tr> <td>Equipment</td> <td></td> <td></td> <td>4.8</td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Cost</td> <td></td> <td></td> <td>62.0</td> </tr> </tbody> </table>		Type of Expenditure	1	2	3	Salary		40,272		Benefits		10,068		Premium Pay				Other		6,054		Total Personal Services			56.4	Travel				Contractual				Commodities			.8	Equipment			4.8	Other				Total Cost			62.0	Justification These positions will process notifications from insurance carriers that a policy has been cancelled. Will research files and match cancellation with registration record and refer to suspension desk when appropriate. Will prepare certified copies of suspension notices and supporting documents for use by prosecutors, courts, law enforcement officers, etc.		
Type of Expenditure	1	2	3																																																	
Salary		40,272																																																		
Benefits		10,068																																																		
Premium Pay																																																				
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Other																																																				

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Vehicle Services

Page 7 of 10
 Revised Date _____

FY 88

Position Title Document Processing Clerk I		No. of Positions 3	Range/Step 7B	Org. Unit CGU
Time Status PFT	Staff Months 36	Location Anchorage		Election District 7-15
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary	57,096			
Benefits	14,274			
Premium Pay				
Other	9,082			
Total Personal Services		80.5		
Travel				
Contractual		13.1		
Commodities		.6		
Equipment		1.4		
Other				
Total Cost		95.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	95.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

These positions will provide computer entry of microfilmed items for subsequent retrieval. They will also assist in preparation of documents for microfilming.

The new law will generate thousands of pieces of paper which will need to be microfilmed in order to reduce storage costs.

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Vehicle Services

Page 8 of 10
 Revised Date

FY 88

Position Title Clerk Typist II		No. of Positions 2	Range/Step 7B	Barg. Unit GGU
Time Status PFT	Staff Months 24	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure		Amount		
1	2	3		
Salary	38,064			
Benefits	9,516			
Premium Pay				
Other	6,054			
Total Personal Services		53.6		
Travel				
Contractual				
Commodities				
Equipment		3		
Other				
Total Cost		57.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	57.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				
<p>These positions would process the necessary paperwork for scheduling hearings, notifying individuals fo hearing date, time and location, and maintain files. Would also assist in preparing suspension notices and mailing to those whose insurance has been cancelled. Would field inquiries, and refer technical items to supervisor or hearing officer.</p> <p>Would prepare correspondence and transcribe hearing tapes when necessary. Prepare appeal records when hearing officers decision is appealed by the owner to the court.</p>				

**Request For
New Position**

Agency Department of Public Safety
 DRU Division of Motor Vehicles
 Component Vehicle Services

Page 9 of 10
 Revised Date

FY 88

Position Title Motor Vehicle Representative II		No. of Positions 2	Range/Step 9E	Org Unit GGU
Time Status PFT	Staff Months 24	Location Fairbanks		Election District 19-21
Justification				
<p>These positions would work the public counter to issue motor vehicle registrations and titles. Would assist the public by responding to inquiries concerning motor vehicle insurance requirements.</p>				
Type of Expenditure		Amount		
1	2	3		
Salary	46.920			
Benefits	11.730			
Premium Pay				
Other	6.054			
Total Personal Services		64.7		
Travel				
Contractual		8.7		
Commodities		.4		
Equipment		.4		
Other				
Total Cost		74.2		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	74.2		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Field Services

Page 10 of 10
 Revised Date

FY 88

BILL NO: CS HR 44(L&C)

DATE: March 20, 1987

TITLE: An Act relating to motor
vehicle liability insurance
and motor vehicle registration

CONTACT: Bill Brown
465-4335

DEPARTMENT OF
PUBLIC SAFETY

This bill will require a person to sign a statement, prior to registering a motor vehicle, certifying that the vehicle is insured, and will continue to be insured until it is sold. The bill also increases motor vehicle registration fees, changes a definition, and repeals the repealer section of the current mandatory insurance law. Requiring people to sign a statement that they have insurance on a vehicle prior to registering it, and continue to maintain that insurance, will probably have little impact on reducing the number of uninsured if the current mandatory insurance program were to remain in effect. Since the current program is not funded in the FY88 operating budget, this bill may have greater impact.

Section 1, as worded, would either require DMV to refuse registration, or the applicant to file a false certification, when the owner knows the vehicle will not continually be insured until sold. An example being someone who spends summers in Alaska and winters in Arizona. If they put the vehicle on blocks during the winter, when absent from the State, there is no reason to continue to carry liability insurance. It is recommended a change be made to Section 1, line 24, to read "remain in effect whenever the vehicle is in operation," or similar language. This section will have a slight impact on DMV field offices, and a greater impact on the mail-out registration renewal program.

Section 8 changes the definition of "proof of financial responsibility for the future". It was previously defined in AS 28.20.230(b), which is repealed in Section 12 of this bill. It is recommended the last sentence in current AS 28.20.230(b) be added to the definition in Section 8. Otherwise, the words "proof of financial responsibility" and "proof", will be left undefined, and DMV may be unable to require SR-22 when an uninsured person enters into a settlement agreement (AS 28.20.120); after a judgment (AS 28.20.330); etc.

Section 12, repeals the repealer date of the current mandatory insurance law. That program is not funded in the proposed FY88 operating budget. The legislature may want to look at funding that program through use of the increased revenues generated by this bill. The cost to fully fund that program is \$260,400 for FY88. Otherwise it is recommended Section 12 be changed to repeal Section 17 of chapter 70, SLA 1984, effective July 1, 1987.

The department does not support this bill because of the problems outlined above.

Will = R. Nix
I AM R. NIX
Acting Commissioner

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

CSHB 44 (L&C)

REQUEST: _____

Bill Version: _____

Publish Date: _____

Revision Date: _____

Agency Affected: Public Safety

Title: An Act relating to motor vehicle liability insurance and motor vehicle...

BRU: Motor Vehicles

Sponsor: Donley

Components: Field Services

Requestor: House Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		14.9	30.7	31.6		
TRAVEL						
CONTRACTUAL		1.4	2.9	3.0		
SUPPLIES		.3	.4	.4		
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		16.6	34.0	35.0	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE		206.0	416.1	420.3	424.5	428.7
---------	--	-------	-------	-------	-------	-------

FUNDING: (Thousands of Dollars)

GENERAL FUND		16.6	34.0	35.0	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL		16.6	34.0	35.0	-0-	-0-

POSITIONS:

FULL-TIME		1	1	1	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Page 2.

Prepared by: Bill Brown
Division: Motor Vehicles

Phone: 465-4335

Date: 3-17-87

Approved by Commissioner: [Signature]
Agency: Public Safety

Date: 3/17/87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 44 (L&C)

EXPENDITURES:

This fiscal note is prepared under the assumption the person registering a vehicle must affirm they have insurance, and will continue to carry the insurance when the vehicle is in operation. The wording of the committee substitute does not require proof of insurance up front as required in the original bill.

As a result of experience gained from the Emission Inspection Program it is realized the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence, thus some will need to be returned to the applicant. Of the 412,000 registrations processed in 1986, 110,000 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to insurance. The one position requested is to assist the mail-out renewal program. After the program is in operation for a couple years there will be less rejected applications, and the position will no longer be required.

PERSONAL SERVICES:

1 Motor Vehicle Rep. II, Anchorage, 9B	14.9
--	------

CONTRACTUAL:

Postage, 6,250 x \$.22	1.4
------------------------	-----

COMMODITIES:

Envelopes	.2
Other normal office supplies	<u>.1</u>

TOTAL 16.6

The above funding is for one-half year because of effective date of January 1, 1988.

A 3% inflation factor was used for FY89 and subsequent years.

REVENUES:

412,000 vehicles were registered in 1986. Revenue increase for FY88 is for one-half year because of effective date of January 1, 1988.
412,000 divided by one-half = 206,000 x \$1.00 fee increase = \$206,000.

A 1% growth factor was used for FY89 and subsequent years.

Position Title Motor Vehicle Representative II			No. of Positions One	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 12		Location Anchorage	Election District 7-15	
Type of Expenditure			Amount		
1	2	3			
Salary	10.710				
Benefits	4.191				
Premium Pay					
Other					
Total Personal Services			14.9		
Travel					
Contractual			1.4		
Commodities			.3		
Equipment					
Other					
Total Cost			16.6		
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004		16.6		
I-A Receipts	1006				
CIP Receipts	1061				
Other					
Justification					
<p>Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications which are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.</p> <p>Figures are for one-half year because of effective date of January 1, 1988.</p>					

**Request For
New Position**

Agency Public Safety
 BRU Motor Vehicles
 Component Field Services

Page 3 of 3
 Revised Date

FY 88

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

CSHB 44 (L&C)

Work Draft dated 3-12-87

Bill Version : _____
Publish Date : _____

REQUEST: _____

Revision Date: _____
Title: An Act relating to motor vehicle liability insurance and motor vehicle...
Sponsor: Donley
Requestor: House Labor & Commerce

Agency Affected: Public Safety
BRU: Motor Vehicles
Components: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		14.9	30.7	31.6		
TRAVEL						
CONTRACTUAL		1.4	2.9	3.0		
SUPPLIES		.3	.4	.4		
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		16.6	34.0	35.0	-0-	-0-
CAPITAL						
REVENUE		206.0	416.1	420.3	424.5	428.7

FUNDING: (Thousands of Dollars)

GENERAL FUND		16.6	34.0	35.0	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL		16.6	34.0	35.0	-0-	-0-

POSITIONS:

FULL-TIME		1	1	1	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Page 2.

JRC
3/17/87

Prepared by: Bill Brown Phone: 465-4335
Division: Motor Vehicles Date: 3-17-87

Approved by Commissioner: [Signature] Date: 3/17/87
Agency: Public Safety

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 44 (L&C)

Work Draft dated 3-12-87

EXPENDITURES:

This fiscal note is prepared under the assumption the person registering a vehicle must affirm they have insurance, and will continue to carry the insurance when the vehicle is in operation. The wording of the draft does not require proof of insurance up front as indicated in the memorandum dated 3-12-87, which accompanied the draft, nor as required in the original bill.

As a result of experience gained from the Emission Inspection Program it is realized the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence, thus some will need to be returned to the applicant. Of the 412,000 registrations processed in 1986, 110,000 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to insurance. The one position requested is to assist the mail-out renewal program. After the program is in operation for a couple years there will be less rejected applications, and the position will no longer be required.

PERSONAL SERVICES:

1 Motor Vehicle Rep. II, Anchorage, 9B	14.9
--	------

CONTRACTUAL:

Postage, 6,250 x \$.22	1.4
------------------------	-----

COMMODITIES:

Envelopes	.2
Other normal office supplies	.1

TOTAL 16.6

The above is funding for one-half year because of effective date of January 1, 1988.

A 3% inflation factor was used for FY89 and subsequent year.

REVENUES:

412,000 vehicles were registered in 1986. Revenue increase for FY88 is for one-half year because of effective date of January 1, 1988. 412,000 divided by one-half = 206,000 x \$1.00 fee increase = \$206,000.

A 1% growth factor was used for FY89 and subsequent years.

Position Title Motor Vehicle Representative II			No. of Positions One	Range/Step 9B	Barg. Unit CCU
Time Status PFT	Staff Months 12		Location Anchorage		Election District 7-15
Type of Expenditure			Justification		
1		2	3		
Salary		10.710	<p>Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications which are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.</p> <p>Figures are for one-half year because of effective date of January 1, 1988.</p>		
Benefits		4.191			
Premium Pay					
Other					
Total Personal Services		14.9			
Travel					
Contractual		1.4			
Commodities		.3			
Equipment					
Other					
Total Cost		16.6			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004	16.6			
I-A Receipts	1006				
CIP Receipts	1061				
Other					

Request For
New Position

Agency Public Safety
 BRU Motor Vehicles
 Component Field Services

Page 3 of 3
 Revised Date

FY 88

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: HB 44

Publish Date: _____

Revision Date: _____

Agency Affected: Commerce & Econ. Dev.

Title: An Act relating to motor vehicle liability

Insurance

insurance & the requirements for obtaining and maintaining motor vehicle registration

Sponsor: Donley

Components: PUBLIC PROTECTION

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: John L. George, Director
Division: Division of Insurance

Phone: 465-2515
Date: February 2, 1987

Approved by Commissioner: J. Anthony Smith
Agency: Commerce and Economic Development

Date: February, 1987

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

BILL NO: HB44

DATE: January 21, 1987

TITLE: An Act relating to motor vehicle liability insurance and the insurance requirements . . . CONTACT: Bill Brown 465-4335

DEPARTMENT OF PUBLIC SAFETY

This bill requires owners of motor vehicles to provide proof of motor vehicle liability insurance prior to registering a motor vehicle. The bill also requires insurance companies to notify the department when a motor vehicle liability policy is "cancelled" at which time the department would suspend the registration for the vehicle. The bill does not require notification by insurance companies when a policy expires, thus no action would be taken by the department when a policy expires, but is not renewed, as the department would be unaware of these situations.

Requiring proof of insurance at the time of registration will impact DMV at its field offices, and the mail-out program. The time involved in the registration process will increase. Such work increases will create long lines at major field offices.

The requirement of notification placed on insurance companies will create additional workload on the companies, of which the cost will probably be passed on to the public by increasing premiums. Keeping track of the notifications and suspending registrations by DMV with all the "due process" requirements will create a costly administrative burden.

The cost of the extra workload could be justified if such a program were extremely effective. The experience of other states has shown this is not the case. It is relatively easy for a person to obtain a binder, register a vehicle, and then immediately cancel the policy without making any payments. States with requirements similar to this bill estimate that between 3 and 10 percent of their registered vehicles are uninsured.

The Department of Public Safety opposes this bill because it is not cost effective.

Handwritten signature of William R. Nix above a horizontal line, with the typed name WILLIAM R. NIX and title Acting Commissioner below it.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version : HB 44

Publish Date : _____

REQUEST: _____

Revision Date: _____

Title: An Act relating to motor vehicle liability insurance and the.....

Sponsor: Donley & Collins

Requestor: House Labor & Commerce

Agency Affected: Public Safety

BRU: Motor Vehicles

Components: Vehicle Services

& Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		449.6	472.1	495.7	520.5	546.5
TRAVEL		8.5	8.9	9.3	9.8	10.3
CONTRACTUAL		177.4	143.2	150.4	157.9	165.8
SUPPLIES		6.0	6.3	6.6	6.9	7.2
EQUIPMENT		14.4	-0-	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		655.9	630.5	662.0	695.1	729.8

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		655.9	630.5	662.0	695.1	729.8
FEDERAL FUNDS						
OTHER						
TOTAL		655.9	630.5	662.0	695.1	729.8

POSITIONS:

FULL-TIME		15	15	15	15	15
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached pages.

Prepared by: Bill Brown

Division: Motor Vehicles

Phone: 465-4335

Date: 1-22-87

Approved by Commissioner: [Signature]

Agency: Public Safety

Date: 1/22/87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

JNR
1/22/87

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 44

ANALYSIS:

There are approximately 450,000 motor vehicles for which proof of insurance will be required prior to registration. The checking and processing of the insurance papers will require extra time at the field offices, and for the mail-out program. It is estimated that approximately 20-30% of these vehicles will be refused registration upon first application because the owner does not have proper proof. This will require a second trip to division offices when the proper proof is obtained.

It is estimated that 10% of the vehicles (45,000) will have policy cancellations due to non-payment, sale of vehicle, leaving state, etc. Suspension notices would be sent to 90% of those owners (40,500). No notice would be sent when registration is expiring within 30 days. The notices must be sent by certified mail as required by law. Approximately 2,500 hearings will be requested annually as a result of the suspension notices.

71000 Personal Services

Anchorage

1 Driver Imp. Spec. (Hearing Officer) Range 16	43.8
1 Document Proc. Clk III, Range 10	31.4
4 MVR II, Range 9	119.2
2 Document Proc. Clk II, Range 8	56.4
3 Document Proc. Clk I, Range 7	80.5
2 Clerk Typist II, Range 7	53.6

Fairbanks

2 MVR II, Range 9	<u>64.7</u>
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449.6

72000 Travel

Travel and per diem for hearing officer to conduct hearings	8.5	3.5
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73000 Contractual

Professional Services

DP program modification	36.0*	36.0
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Communications

Postage

return mailing for incorrect renewals	8.8
Certified suspension letters 40,500 @ \$1.75	70.9
Certified hearing letters 2,500 @ \$1.75	4.4
General correspondence	2.5
Telephones and tolls	<u>3.0</u>

89.6

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 44

Promotion and Advertising		
Forms	7.5	
Advertising	<u>5.0</u>	12.5
DP Network Connect - 9 terminals	9.0	
CRT maintenance	<u>8.1</u>	17.1
Equipment lease		
9 CRTs and printers @\$206 per month each	22.2	<u>22.2</u>
		177.4
74000 Supplies		
Normal office supplies, computer paper, microfilm supplies, etc.	6.0	6.0
75000 Equipment		
5 desks @ \$468	2.3	
4 typewriters @ 1369	5.5	
5 chairs @ \$272	1.4	
4 counter stools @ \$350	1.4	
3 CRT tables @ \$225	.7	
6 file cabinets @ \$30 ^R	1.8	
1 storage cabinet @ \$500	.3	
Recording equipment	<u>1.0</u>	
		<u>14.4</u>
		TOTAL 655.9

* initial programming charge - first year only.

5% inflation factor used for FY89 and subsequent years.

Position Title Driver Improvement Specialist (Hearing Off.)		No. of Positions 1	Range/Step 16A	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure			Amount	
1	2	3		
Salary	32,424			
Benefits	8,106			
Premium Pay				
Other	3,027			
Total Personal Services		43.8		
Travel		8.5		
Contractual		5.0		
Commodities		.7		
Equipment		1.0		
Other				
Total Cost		59.0		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	59.0		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

This position will hold hearings under the motor vehicle administrative suspension program. Each time an individual's motor vehicle registration has been suspended the owner has the right to ask for a hearing. The position would prepare the records for each hearing and maintain the appropriate records of the hearing.

Travel for FY88 is based on trips to the Kenai Peninsula, Palmer, Kodiak and areas in Southeast.

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New Position**

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 BRU Division of Motor Vehicles
 Component Vehicle Services

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Position Title Document Processing Clerk III			No. of Positions 1	Range/Step 10B	Barg. Unit GGU
Time Status PFT	Staff Months 12		Location Anchorage		Election District 7-15
Justification					
Type of Expenditure			Amount		
1	2	3			
Salary	22,716				
Benefits	5,679				
Premium Pay					
Other	3,027				
Total Personal Services		31.4			
Travel					
Contractual		2.0			
Commodities		.4			
Equipment		2.1			
Other					
Total Cost		35.9			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004	35.9			
I-A Receipts	1006				
CIP Receipts	1061				
Other					
<p>This position would process correspondence concerning oral and written communications or statements from motor vehicle owners following notification of suspension.</p> <p>Would be sub-supervisor of the mandatory insurance section. When necessary would prepare suspension notices for those whose insurance cancellation notices have been received. These actions would be data entered in the computer system to verify for accuracy of status, and to prevent legal repercussions.</p>					

**Request For
New Position**

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Position Title Motor Vehicle Representative II		No. of Positions 4	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 48	Location Anchorage		Election District 7-15
Type of Expenditure		Justification		
		These positions would work the public counter to issue motor vehicle registrations and titles. Would assist the public by responding to inquiries concerning motor vehicle insurance requirements.		
Amount		When necessary these positions will assist the mail out section in processing renewals and verification of insurance.		
1	2	3		
Salary	85,680			
Benefits	21,420			
Premium Pay				
Other	12,110			
Total Personal Services		119.2		
Travel				
Contractual		17.5		
Commodities		.8		
Equipment		1.1		
Other				
Total Cost		138.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	138.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Field Services

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Position Title Document Processing Clerk II		No. of Positions 2	Range/Step 8B	Barg. Unit GGU	
Time Status PFT	Staff Months 24	Location Anchorage		Election District 7-15	
Type of Expenditure		Justification			
Amount		<p>These positions will process notifications from insurance carriers that a policy has been cancelled. Will research files and match cancellation with registration record and refer to suspension desk when appropriate.</p> <p>Will prepare certified copies of suspension notices and supporting documents for use by prosecutors, courts, law enforcement officers, etc.</p>			
1	2				3
Salary	40,272				
Benefits	10,068				
Premium Pay					
Other	6,054				
Total Personal Services					56.4
Travel					
Contractual					
Commodities					.8
Equipment		4.8			
Other					
Total Cost		62.0			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004	62.0			
I-A Receipts	1006				
CIP Receipts	1061				
Other					

**Request For
New Position**

Agency Department of Public Safety
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FY 88

Position Title Document Processing Clerk I		No. of Positions 3	Range/Step 7B	Barg. Unit GGU		
Time Status PFT	Staff Months 36	Location Anchorage		Election District 7-15		
		Justification These positions will provide computer entry of microfilmed items for subsequent retrieval. They will also assist in preparation of documents for microfilming. The new law will generate thousands of pieces of paper which will need to be microfilmed in order to reduce storage costs.				
Type of Expenditure					Amount	
1	2				3	
Salary	57,096					
Benefits	14,274					
Premium Pay						
Other	9,082					
Total Personal Services					80.5	
Travel						
Contractual					13.1	
Commodities		.6				
Equipment		1.4				
Other						
Total Cost		95.6				
Funding Source for Total Cost						
Federal Receipts	1002					
G. F. Match	1003					
General Fund	1004	95.6				
I-A Receipts	1006					
CIP Receipts	1061					
Other						

**Request For
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Position Title Clerk Typist II		No. of Positions 2	Range/Step 7B	Barg. Unit GGU
Time Status PFT	Staff Months 24	Location Anchorage		Election District 7-15
Type of Expenditure		Amount		
1	2	3		
Salary	38,064			
Benefits	9,516			
Premium Pay				
Other	6,054			
Total Personal Services		53.6		
Travel				
Contractual				
Commodities		.4		
Equipment		3.6		
Other				
Total Cost		57.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	57.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

Justification

These positions would process the necessary paperwork for scheduling hearings, notifying individuals fo hearing date, time and location, and maintain files. Would also assist in preparing suspension notices and mailing to those whose insurance has been cancelled. Would field inquiries, and refer technical items to supervisor or hearing officer.

Would prepare correspondence and transcribe hearing tapes when necessary. Prepare appeal records when hearing officers decision is appealed by the owner to the court.

**Request For
New Position**

Agency Department of Public Safety
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Position Title Motor Vehicle Representative II		No. of Positions 2	Range/Step 9E	Barg. Unit GGU
Time Status PFT	Staff Months 24	Location Fairbanks		Election District 19-21
Type of Expenditure		Justification		
		These positions would work the public counter to issue motor vehicle registrations and titles. Would assist the public by responding to inquiries concerning motor vehicle insurance requirements.		
Amount				
1	2	3		
Salary	46,920			
Benefits	11,730			
Premium Pay				
Other	6,054			
Total Personal Services		64.7		
Travel				
Contractual		8.7		
Commodities		.4		
Equipment		.4		
Other				
Total Cost		74.2		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	74.2		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Field Services

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FY 88

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN, SPENARD

P.O. BOX V, JUNEAU 99811
(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUB-COMMITTEE

TO: All Representatives
FROM: Representative Dave Donley *DD*
DATE: May 15, 1987
RE: HB 44 MANDATORY AUTO INSURANCE

Today I received the attached letter regarding mandatory auto insurance. It clearly points out the need to preserve and strengthen the current mandatory auto insurance program. As you can see from the attached letter, there is no recourse in many situations for the victim when an uninsured motorist is responsible for an accident.

HB 44 strengthens this important program which protects our citizens from irresponsible drivers. I ask for your support of this measure.

DISTRIBUTED BY REP. DONLEY

Isenson Associates

Public Relations
Public Affairs Counseling

May 12, 1987

Art English,
Commissioner of Public Safety
P.O. Box N
Juneau, Ak. 99811

Dear Art,

This morning's Daily News included a story on the impending end of the mandatory auto insurance program. I would gladly pay the extra \$1 in auto registration fees to keep it alive. Here is why:

In 1969, our one-year-old car was almost totalled by someone who ran a stop sign. Police arrested him shortly after; he had been drinking. He had no insurance. Our company paid for repairs, and raised our rates.

In 1983, my old Toyota was totalled, while stopped at the red light at Minnesota and Tudor. A man ran into it with a van, from behind. He left the state; he had no insurance. Because he was a truck driver, he was persuaded to return and pay up -- after a court case. I lost the "good driver" rating so my insurance rate went up a little.

In 1985, a drunk ran into the Honda which we bought to replace the destroyed Toyota. Police arrested the driver for DWI; when he was released, he fled the state. He had no insurance. It took me months to find him -- in his hometown of Snohomish. He had committed suicide, and left 6 kids and no money; he had at least 10 years of DWI arrests and 4 convictions; he had once been a heavy equipment operator, and could no longer get work. My insurance company paid about \$5,000 in repairs, and my rates went up.

Earlier this year, a woman lost control of her car and caused an accident. I ran into her, but the policeman who arrived on the scene recognized that she was the cause, and ticketed her. At last: a driver who had insurance! For once, most of the bill is being paid by someone else, and my insurance costs won't be rising again. And she was sober!

I am tired of being victimized by drunks and deadbeats. Don't end the mandatory insurance program; strengthen it!

Sincerely,



Bev Isenson

cc: Rep. Dave Donley ✓
Rep. Max Gruenberg
Sen. Pat Rodey

943 Westbury Drive -- Anchorage, Alaska -- (907) 563-6480

700 H Street - Suite 4 - Anchorage, Alaska 99501 - (907) 276-4600

April 12, 1987

Four

Representative Al Adams
Chair, House Finance Committee
Box V
Juneau, Alaska 99811

Re: CSHB 44

Dear Mr. Chairman:

As you know, I represent the Association of Independent Insurance Agents and Brokers. I thought if I submitted my thoughts about the captioned bill in writing, I could save you and your committee members some valuable time instead of appearing before you in person.

One of the problems with the bill as written is the horrendous amount of money which will be required by the Division of Motor Vehicles to administer its provisions. I believe Bill Brown of that department will verify this allegation. Also, Don Koch of the Division of Insurance will authenticate the allegations, I believe.

We can cure the financial problems quite simply without doing injury to the bill. I refer to subsection (2), lines 25-28 on page 1. If, on line 27, we could delete this language, "certify to the department and provide proof" and substitute therefor, "sign a sworn statement to the department verifying" and if, on line 29, "certify" were changed to "verify", the matter would be solved.

These are simple changes; they would drastically reduce the financial impact to the state. I don't believe there will be much, if any, serious objection to these proposed changes.

If you feel there is merit to these suggestions, may I request you make copies of this informal letter and distribute them to your committee members?

Best regards,

Bob Ziegler

Robert H. Ziegler, Sr.

Pay for the privilege

When a driver takes to the road, fellow motorists shouldn't have to wait until they get broadsided to find out whether the guy carries liability insurance. If he doesn't, it's too late; the innocent party is stuck with the bill.

That's basically what happens under Alaska's so-called mandatory auto insurance law. Motorists are required to carry insurance, but no one checks until after an accident or serious traffic violation.

It's a screwy system. The people who most need to carry insurance are the most likely to try to save money by going without. Then, responsible motorists subsidize the others with higher insurance rates and uninsured motorist coverage.

Far better is the proposal offered by Anchorage Rep. Dave Donley: Require proof of insurance when drivers register their cars, and make sure the state has the money to enforce the new law. Registration fees would rise \$1 to offset the added costs, a bargain if it would get uninsured yahoos off the road.

Driving on public roads isn't a right; it's a privilege that carries some responsibilities. One of the most basic is to make sure drivers can pay for any damage they inflict on others.

ADN 5/14/87