

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 86/2

7875

HOUSE JUDICIARY

140

29.M. Rustad, "Demystifying Punitive Damages in Products Liability Cases: A Survey of a Quarter Century of Trial Verdicts", Papers of the Roscoe Pound Foundation (Roscoe Pound Foundation, Washington D.C.), 1991.

30."The Dangerous Dozen: A Survey of Major Product Liability Lawsuits", Illinois Public Action Council and Coalition for Consumer Rights, May 1986.

31."Product Liability: 1991 Calendar Year Experience", National Insurance Consumer Organization, September 8, 1992.

32.James Henderson, Jr. and Theodore Eisenberg, "The Quiet Revolution in Products Liability: An Empirical Study of Legal Change", UCLA Law Review, Volume 37, 1990.

33.Diana Henriques, "Friendlier Legal Climate for Insurers", The New York Times, March 4, 1990.

34."Insurer Calls Storm an 'Opportunity'", Anchorage Daily News, September 6, 1992.

35."Ladders and Lawsuits; Wrongheaded 'Reform'", Consumer Reports, September 1990.

36.Nathan Weber, "Product Liability: The Corporate Response", A Research Report from the Conference Board, 1987.

37.Deborah Hensler, et. al., "Compensation for Accidental Injuries in the United States, The Rand Corporation, Institute for Civil Justice, 1991 and Gross National Product calculated by the U.S. Department of Commerce Property/Casualty premiums written data provided by A.M. Best Aggregates and Averages, 1991 edition.

38.Gross National Product calculated by the U.S. Department of Commerce Property/Casualty premiums written data provided by A.M. Best Aggregates and Averages, 1991 edition.

39.William Ira Bennett, editor of the Harvard Medical School Health Letter, "Pluses of Malpractice Suits", The New York Times Magazine, July 24, 1988.

40."Medical Malpractice Claim Study 1982 - 1987", State of Minnesota, Department of Commerce, February 1989.

41.M. Taragin, L. Willett, A. Wilczek, R. Trout, J. Carlson, "The Influence of Standard of Care and Severity of Injury on the Resolution of Medical Malpractice Claims", Annals of Internal Medicine, November 1, 1992.

42."Medical Malpractice Claim Study 1982 - 1987", State of Minnesota, Department of Commerce, February 1989.

43. Roger A. Rosenblatt, MD, MPH, and Andy Hurst, BS, "An Analysis of Closed Obstetric Malpractice Claims", Obstetrics & Gynecology, November 1989.

44. Frank A. Sloan, PhD, "Winners & Losers: How Medical Malpractice Disputes Are Resolved", Journal of American Health Policy, September/October 1991.

45. James R. Schiffman, "Medical Malpractice Insurance Rates Fall", The Wall Street Journal, April 28, 1989.

46. Patricia Danzon, "An Economic Analysis of the Medical Malpractice System", Behavioral Sciences and the Law, Vol. 1, No. 1, 1983.

47. Harvard Medical Practice Study, "Patients, Doctors, and Lawyers: Medical Injury, Malpractice Litigation and Patient Compensation in New York", report submitted to the State of New York, February 1990.

48. Harvard Medical Practice Study, "Patients, Doctors, and Lawyers: Medical Injury Malpractice Litigation and Patient Compensation in New York", report submitted to the State of New York, February, 1990.

49. "Preventable Deaths: Who, How Often, and Why?", Annals of Internal Medicine, October 1, 1988.

50. Academic Task Force for Review of the Insurance and Tort System, "Draft Preliminary Fact Finding Report on Medical Malpractice", July 31, 1987.

51. "Medical Malpractice: Crisis of Litigation or Crisis of Negligence?", Coalition for Consumer Rights, study conducted by Health Resources, Inc., 1987.

52. Hoflander, et. al., "Medical Malpractice Insurance in Pennsylvania", Management Analysis Center, 1985.

53. "Medical Malpractice in Texas: Are We Covering up the Symptoms Instead of Curing the Disease?", Public Citizen, 1987.

54. Ingrid VanTulen and Sidney M. Wolfe, M.D., "State Medical Licensing Board Serious Disciplinary Actions in 1990", Public Citizen Health Research Group, May 1991.

55. A.M. Best Company, Inc., specialty data base provided to ATLA.

56. Helen C. Lazenby and Suzanne W. Letsch, "National Health Expenditures, 1989", Health Care Financing Review, Vol. 12, No. 2, Winter 1990.

57. "Medical and Hospital Professional Liability", A Report Prepared for the Texas Health Policy Task Force, July 1992.
58. A.M. Best Company, Inc., specialty data base provided to ATLA.
59. "Report on Profitability by Line by State, 1989", National Association of Insurance Commissioners, November 1990.
60. Calculated from Aggregates and Averages, A.M. Best Company, Inc., 1985 - 1990.
61. "Medical Malpractice Claim Study 1982 - 1987", State of Minnesota, Department of Commerce, February 1989.
62. Howard Pankratz, "Colorado Doctors Win \$4.1 Million Ruling Against Pennsylvania Company", Denver Post, September 6, 1989.
63. Ken Padgett and Nancy Cowles, "The Wrong Diagnosis: The Impact of Medical Malpractice Costs on the Rising Cost of Health Care", A report of the Coalition for Consumer Rights, March 1991.
64. "U.S. Health Care Spending: Trends, Contributing Factors, and Proposals for Reform", U.S. General Accounting Office, Report to the Chairman, Committee on Ways and Means, House of Representatives, June 1991.
65. Frank A. Sloan, "Winners & Losers: How Medical Malpractice Disputes are Resolved", Journal of American Health Policy, September/October 1991.

FISCAL NOTE

BILL NO. HB 292

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Revision Date: February 2, 1994
Title: "...relating to civil actions: amending Alaska Rules of Civil Procedure 49 and 68..."
Sponsor: House Labor and Commerce
Requestor: House Labor and Commerce

Department Affected: Department of Law
BRU: Legal Services
Component: Operations
COMPONENT SERIAL NO. 0093

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year (FY94) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)
Please see the attached analysis.

Prepared by: Richard I. Pegues, Director Phone: 465-3672
Division: Administrative Services Division Date: February 2, 1994
Approved by Commissioner: Bruce M. Botelho, Attorney General
Agency: Department of Law Date: February 2, 1994

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**Municipality
of
Anchorage**



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ANCHORAGE, ALASKA 99519-6650
(907) 343-4545

TOM FINK
MAYOR

OFFICE OF THE MUNICIPAL ATTORNEY

March 4, 1994

Via Fax No.:(907) 465-3834

Representative Brian Porter
State Capital
Juneau, Alaska 99508

Received

MAR 04 1994

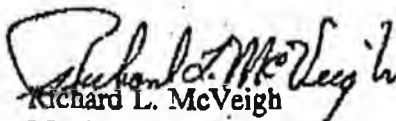
Re: Tort Reform Legislation

Dear Representative Porter:

Please be advised that the Municipality of Anchorage supports House Bill 292 and Senate Bill 254, commonly known as Tort Reform. Although the Tort Reform legislation originally passed in 1986 accomplished many the goals intended by the Legislature, and reduced spurious litigation against the Municipality of Anchorage, problems remain and should be addressed. After comprehensive review of pending House Bill 292, we believe it addresses many of the problems remaining and accomplishes the goal of creating a more equitable distribution of the costs and risks of injury while at the same time reducing costs associated with the civil justice system. At the same time the legislation ensures that adequate and appropriate compensation for persons injured by tort feasons remains available. The Municipality supports the original bill in its entirety.

If you have any questions or would like to further discuss the Municipality's position in this regard, please feel free to call Assistant Municipal Attorney, Stephanie Galbraith Moore (907) 343-4545 or Harry Sjoberg, the Municipal Risk Manager (907) 343-4201. Thank you for your attention.

Sincerely,


Richard L. McVeigh
Municipal Attorney

misc\adg\rt\porter.rtm



UNITED BROTHERHOOD OF
Carpenters and Joiners of America

LOCAL UNION NO. 1281

407 DENALI , #100

PHONE 276-3533

ANCHORAGE, ALASKA 99501
Fax: 276-7962



February 28, 1994

Representative Brian Porter FAXED AND MAILED 2/28/94
State Capitol, Room 118
Juneau, AK 99801-1182
FAX : 465-3834

RE : House Bill 292

Dear Representative Porter,

Many of us, myself included, within the construction industry favor a great deal of that which is contained in HB292. We can agree that tort reform is needed. However, there needs to be an avenue to make sure the savings are realized by those from whom it has been extracted in the first place.

That means that the insurance companies must also step to the plate along with the medical community and others.

Senator Duncan has a good idea in his health care bill. Give the insurance companies so long, in this case 1 year, to drop rates or it will be mandatory. Right on down the line until it gets to the average citizen, the consumer.

That would be ideal, but you must start somewhere, so "YES" to HB292.

Sincerely,

Phil Thingstad
Business Manager
Carpenters Local 1281

PT/wh

Received

3 034

BRITAIN PORTER



March 2, 1994

Representative Brian Porter, Chair
House Judiciary Committee

Dear Representative Porter:

I want to add my voice to those urging your passage of HB 292.

I have been an advocate of Tort reform for many years. The provisions of HB 292 are well thought through, and reasonable. They level the field on which we play in an already too litigious world. They provide adequate protection for successful plaintiffs without ruining any prospect that the losing party will be able to stay in business.

Our insurance costs are high, and the complexity of our potential liability requires expensive professional attention. We are a small company that have never experienced an insurance loss, and still we have to struggle to assure that we have all the coverage we need.

"I'll sue you" is becoming as common a daily greeting in business as "have a nice day". HB 292 is good for Alaska. It is moderate, and fair. I urge you to pass it.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ernesta Ballard".

Ernesta Ballard
Chief Executive Officer

Received

MAR 02 1994

U.S. SENATOR

PAUL M. WORRELL, M.D.
INTERNAL MEDICINE
UNIVERSITY PROFESSIONAL CENTER
3850 LAKE OTIS PARKWAY
ANCHORAGE, ALASKA 99508
561-4402

Received
2/22/94
REP BRIAN PORTER

February 22, 1994

Representative Brian Porter
State Capitol, Rm. 122
Juneau, AK 99801-1182

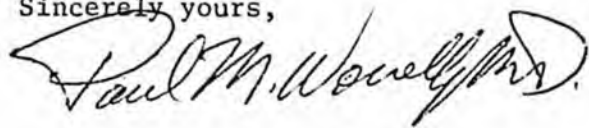
Dear Representative Porter:

I appreciate your work in the Legislature in moving the Tort Reform bill forward. I hope that we have a chance to say hello when I am in Juneau the 27th and 28th of February or March 1.

The lack of Tort Reform changes has certainly discouraged the medical community far more than is realized. I think Tort costs are also driven up the cost of medical care far greater than people realize.

I certainly appreciate your work this past few months.

Sincerely yours,



Paul M. Worrell, M.D.

President, Anchorage Medical Society
pmw:pk

February 22, 1994

Rep. Brian Porter, Chair

When I moved to Alaska in 1955, attorneys headed my list of most admired professions. Lawyers have done a lot for Alaska and America. However, times have changed.

The legal system has changed to be one of the worst of the profession. Not lawyers, per se, but the system.

I recently was involved in a silly lawsuit that racked up way over \$100,000 in legal fees. The suit was eventually suspended with no settlement money. Only the lawyers won.

Please pass any law that will clamp down on liability reform and stop silly lawsuits. Why does Alaska need 10 times more per capita the number of attorneys that practise in growing Japan?

Thank you,

Keep working!
Sewell
Sewell F. Faulkner

P.S. This complaint is about the legal system, not lawyers. There's lots of fine attorneys that must play by the rules of this terrible system.

Received

REP BRIAN PORTER

Received

RECEIVED

Robert B. Stephenson
P.O. Box 81314
College, Alaska 99708

February 17, 1994

To Whom It May Concern:

It is my understanding that HB 292 would severely limit Alaskans' right to recovery from accidents and negligence.

In 1988, I and two others suffered massive 3rd degree burns from a 500 gallon propane spill and explosion near Fairbanks. Untrained workers were directed to move a large propane tank (1,200 gal. cap., 3' x 18') containing about 500 gallons of liquid propane. That's illegal. They broke a bottom valve, and all 500 gallons leaked out and exploded within minutes. In addition, the resulting fire burned down a huge warehouse, a loss of several million dollars.

I spent a month in the hospital, including two weeks in the intensive care burn unit, and did not recover from my burns and skin grafts for about three years. In fact, my skin will never be the same as it was. My hospital and doctor bills for the first month alone were well over \$100,000. None of us will ever be the same after these burns and emotional injuries.

This accident was a result of improper handling of a propane tank. The owner of the tank did not want to remove the propane from the tank BEFORE moving it, as is required.

My burns and skin grafts have healed now, but I will never be the same, as I am sure you can understand.

It was more than a year after the explosion that symptoms of Post Traumatic Stress Disorder (PTSD) began to surface. Nightmares, sleeplessness, fear of the workplace, just to name a few, were common.

I still have flashbacks and nightmares of amputation and death squads.

43% of my body had little or no skin. I could only begin to describe the pain of being lowered into a whirlpool for debriding (dead skin scrubbed off). No amount of morphine can prevent the screaming and the horrible pain.

No amount of money can compensate for that pain, which took place once a day for thirty days. Would you go through that for \$10,000 a day? How about \$20,000? What's YOUR price? If this happened to your son or daughter or family member, would you want to cap their recovery for pain and suffering?

Stephenson
Page 2

It would be my recommendation for industry to be regulated by stricter standards and be made to follow existing standards. In my opinion, this would limit the negligence and the injuries to Alaska's work force.

Let's stop the negligence, not prevent the fair recoveries for injured Alaskans.

I believe that HB 292 is completely unfair to innocent victims in Alaska. It would have serious consequences to the citizens of Alaska, your constituents. I strongly urge you to vote against such tort reform bills.

Your response would be greatly appreciated.

Sincerely,


Robert B. Stephenson

2-23-94

To: Rep Brian Porter & Committee Members

From: R.W. Garner, D.D.

Get MB 292 out of
committee & onto the floor.
I strongly support it.

RWG

ARCTIC WELDING SUPPLY INC.

DATE 2/23/94 TIME _____ A.M. _____ P.M. _____ PAGES _____

NOTE: If you did not receive all of the pages of if you have a question, please call the verifying number 907 562 2638.



FROM:	
Name	Name
Address	Subject
Attention	Fax. No. FAX # (907) 562-2638
Ac. No.	Verifying No.

Reps B Porter

I have been actively pushing for some form of Tort Reform for several years.

I believe we need a cap on awards + a cap on attorney fees awarded.

If H.B. - 292 speaks to those issues then I hope you will help insure its passage.

Owen J. Sauger

PH 279-2846

wk ph. 562-2682

Voice of The Times

The Anchorage Times

Publisher: BILL J. ALLEN

"Believing in Alaskans, putting Alaska first"

Editors: DENNIS FRADLEY, PAUL JENKINS, WILLIAM J. TOBIN

The Anchorage Times Commentary in this segment of the Anchorage Daily News does not represent the views of the Daily News. It is written and published under an agreement with former owners of The Times, in the interests of preserving a diversity of viewpoints in the community.

Lawsuit limits

YOU'VE SEEN the ads. Designed to provoke your deepest fears. An airplane with a broken wing after a crash that could have injured members of your family . . . a child in a wheelchair after the school gymnasium roof fell in and crushed him. Such horror stories include the warning that if the Legislature enacts pending liability reform legislation, the victims in such tragedies — you — will not be compensated for your medical costs and loss.

The ads are classic bunk!

The trial lawyers associations and other parties that sponsor such misleading information are attempting to confuse the issue sufficiently so that once again they can succeed in preventing passage of needed tort reform.

There is a good reason why some lawyers don't want the law changed. On that rare occasion, under current law, when a person is injured and must sue for compensation — and is successful — a big portion of the settlement money winds up in the pockets of the lawyers involved, not in the victim's hands.

Despite what the ads proclaim, the tort reform being debated in Juneau would not prevent victims of accidents from being compensated for their losses. Just the opposite.

Under House Bill 292 and Senate Bill 254, there would be no limit on a person's right to collect 100 percent of all economic losses, including past and future wage losses, past and future medical costs, past and future rehabilitation costs, past and future retirement benefits or other past and future economic losses due to the mishap.

The limits on liability under the proposed legislation would be for non-economic losses like pain, suffering and inconvenience. These would be capped at a half-million dollars. This is an important reform for the public.

Current law allows for windfall settlements. As a result, companies and individuals who sell products or services must carry expensive liability insurance. Their customers — each of us — pay a portion of that insurance.

In fact, any chance for meaningful health care reform in Alaska greatly depends first on enactment of the proposed tort reform legislation. Currently, not only do doctors and other health care providers pay horrendous liability insurance premiums, they must practice what is called "defensive medicine." Whether a patient does or doesn't need X-rays, lab work, or whatever, the doctor orders all of them as protection in case of a lawsuit.

A tremendous amount of today's inflated medical costs can be attributed to current liability law.

Don't be fooled by the ads. Tell your legislator to support reform, and be especially wary of a lawmaker who represents the lawyers instead of your best interests in this issue.

ALASKANS FOR LIABILITY REFORM

CONSUMER DATA

ON

LAWSUIT ABUSE

**You've heard about all
those multi-million dollar
liability lawsuits.**

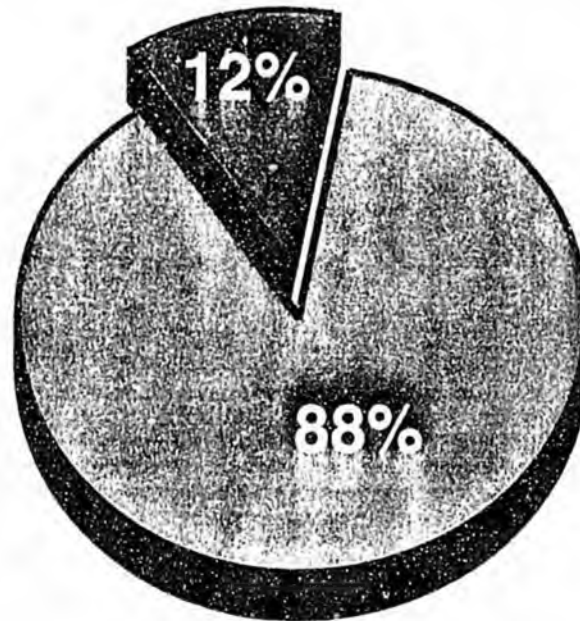
Now find out who pays for them.

- The threat of lawsuits and excessively large jury awards forces business to add a hidden "tort tax" to the price of products and services.
- This tax costs the American family, on average, about \$1,200 a year. We think that's too high a price for anyone to pay.
- It's time we speak out for civil liability reform.
- It's time we stop lawsuit abuse.

*Lawsuit
Abuse!*
**Guess
who
picks up
the tab?**

Lawsuits without Merit

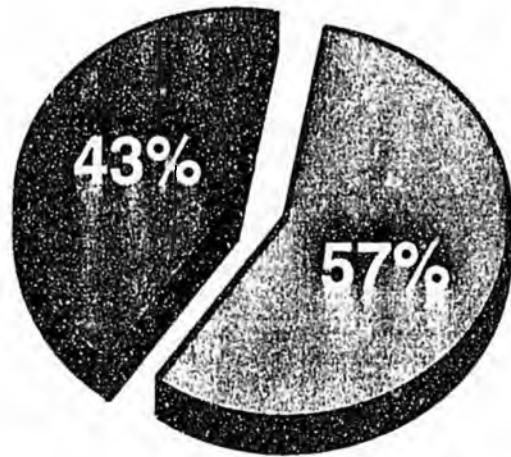
From 1980 – 1989, of the 181 closed MIEC claims, 88% settled without payment



- Claims settled without payment
- Claims settled with payment

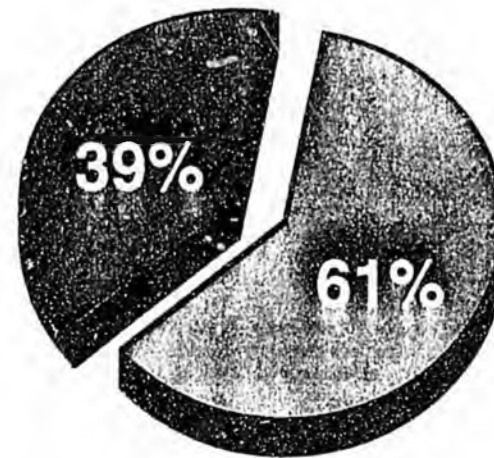
Lawsuits without Merit

From 1977 – 1989, of the 174
MICA lawsuits, 57% settled
without payment



- Lawsuits settled without payment
- Lawsuits settled with payment

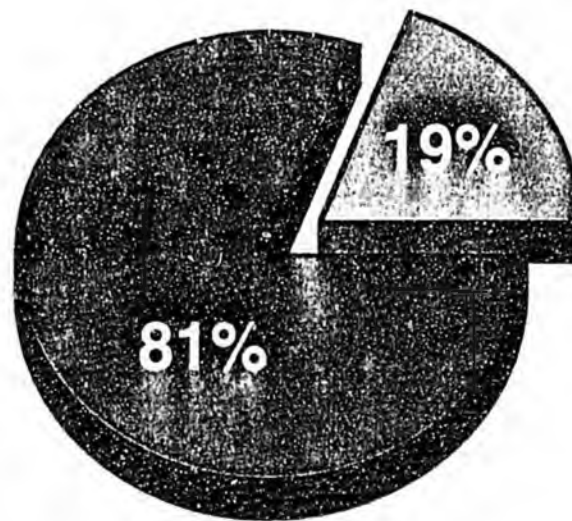
From 1977 – 1989, of the 119
MICA claims, 61% settled
without payment



- Claims settled without payment
- Claims settled with payment

Lawsuits without Merit

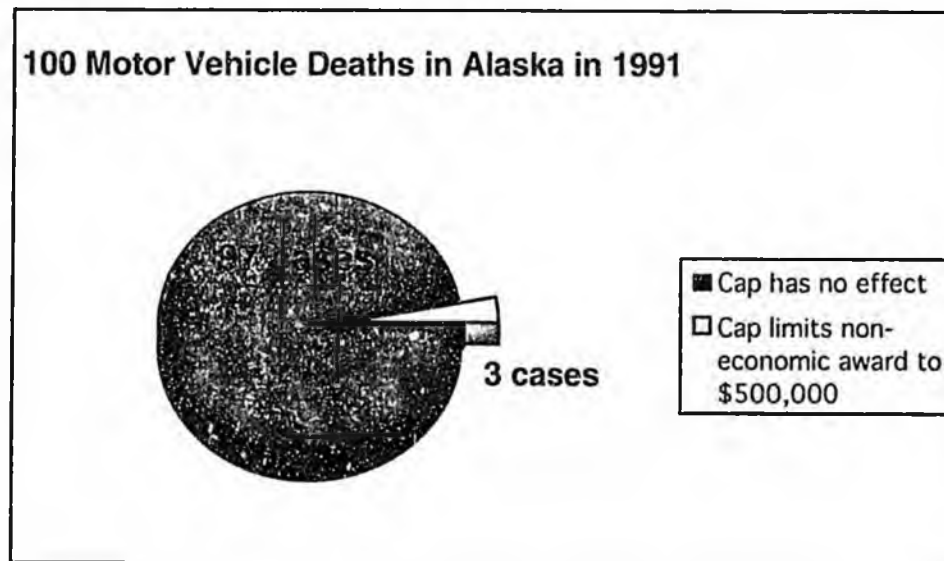
1977 – 1989, cost of defending a MICA lawsuit averaged 19% of amount of settlement paid



- Average cost of defense as % of settlement paid
- Average settlement paid

Cap on Non-Economic Awards

The \$500,000 cap on non-economic awards effects only 3% of lawsuits filed for personal injury or wrongful death. If the estates of everyone that died in a motor-vehicle accident in Alaska in 1991 filed a lawsuit, the cap would only affect three cases.

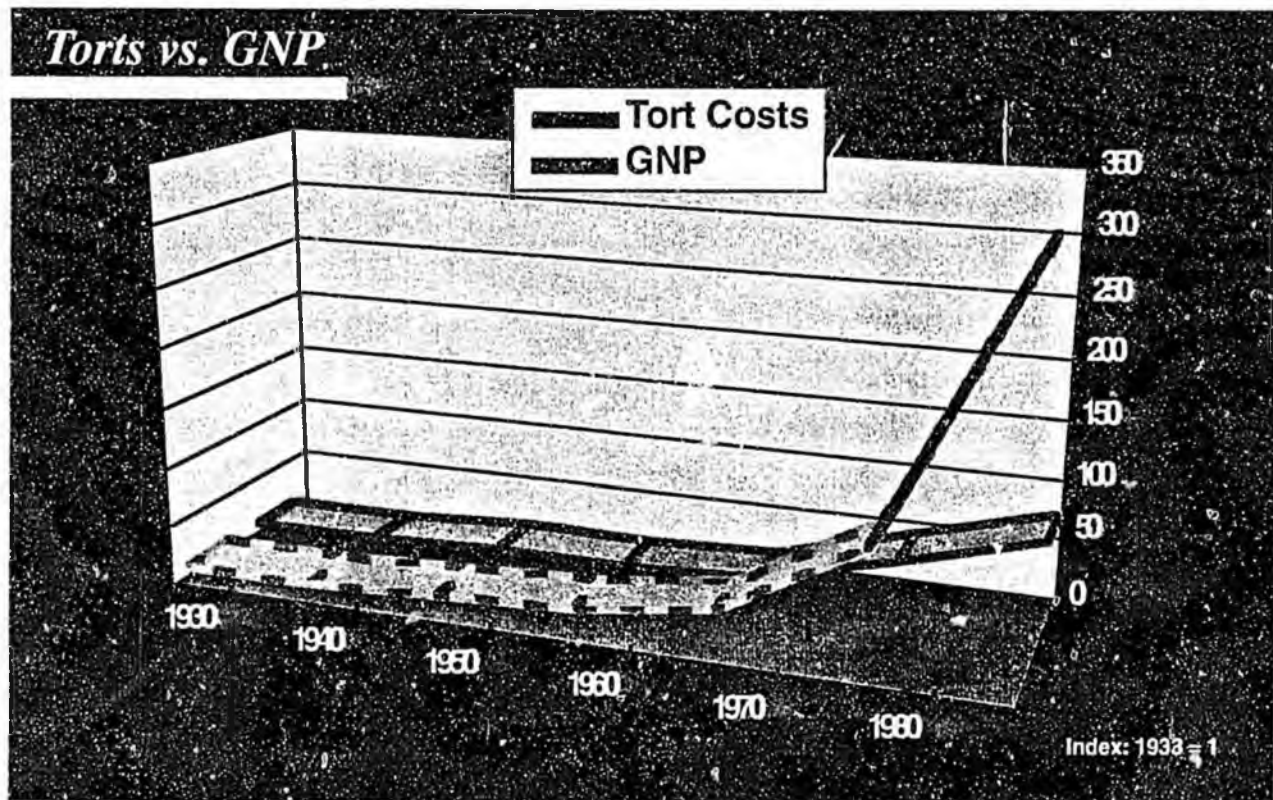


* source: National Safety Council

Effects of HB 292 on Non-Economic Awards

Past Wage Loss	No Effect
Future Wage Loss	No Effect
Past Medical Cost	No Effect
Future Medical Cost	No Effect
Past Rehabilitation Costs	No Effect
Future Rehabilitation Costs	No Effect
Other Past Economic Losses	No Effect
Other Future Economic Losses	No Effect
Past Retirement Benefit	No Effect
Future Retirement Benefit	No Effect
Pain, Suffering, Inconvenience	Limit \$500,000
Physical Impairment, Disfigurement	Limit \$500,000
Loss of Enjoyment of Life	Limit \$500,000
Loss of Consortium	Limit \$500,000

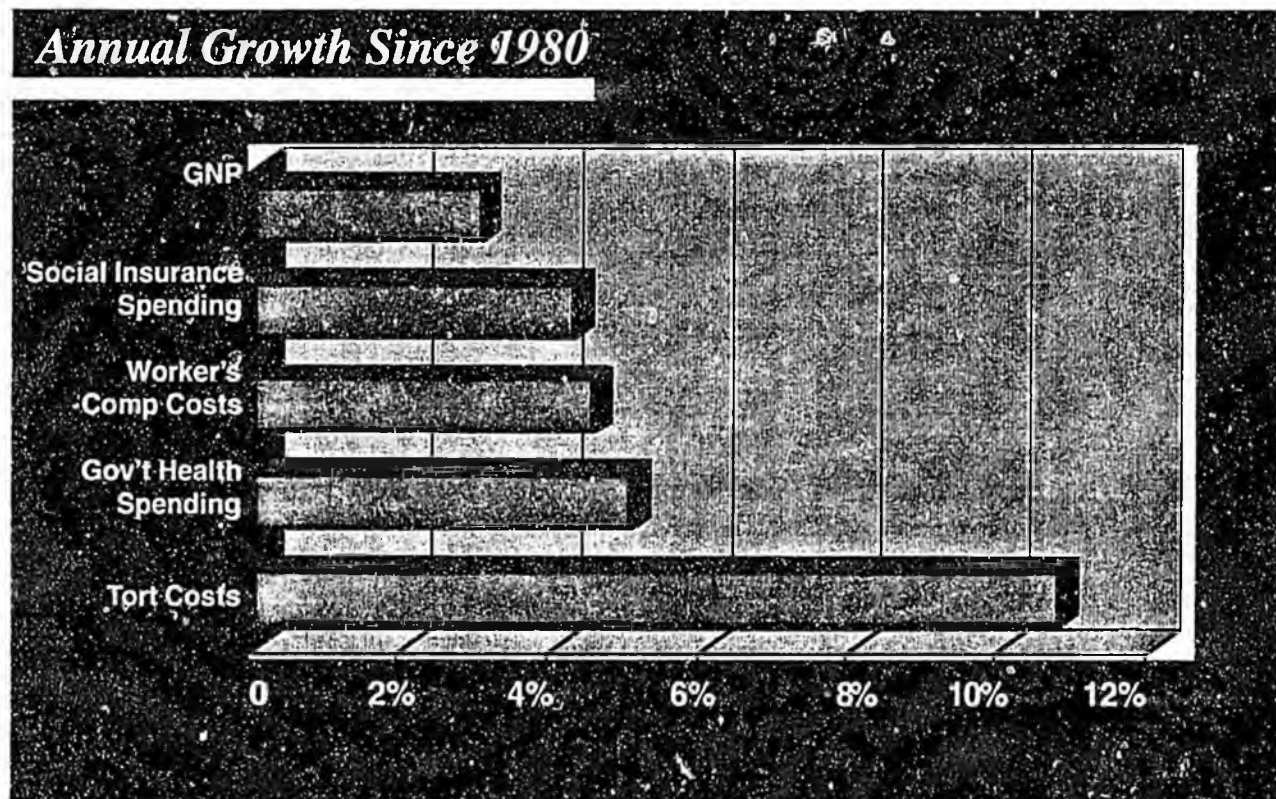
How Does Tort Cost Escalation Compare With GNP Growth?



■ Tort cost growth far outstripped GNP growth since 1930, increasing 300 times over this 57-year period, compared with a 50-fold increase for GNP.

■ Until shortly after World War II, growth in both tort costs and the GNP ran fairly parallel. Only in the late 1940s and early 1950s did the two diverge, with tort costs consistently outpacing GNP growth.

Since 1980, Cost Increases Have Leveled Off for All Social Systems Save Torts



■ As noted, cost escalation has moderated for all social systems but torts. Between 1980 and 1987, for example, tort costs rose at an annual rate of 16%, or 10.6% when adjusted for inflation. This compares with the following annual increases (also adjusted for inflation) of:

- 5% for government health expenditures
- 4.5% for workers' compensation costs
- 4.2% for Social Security expenditures
- 2.7% for GNP.

LITIGATION COSTS: EVERYDAY IMPACT OF A HIDDEN TAX ON ALASKA FAMILIES

You have never been involved in a lawsuit and the problem of expensive court cases and settlements for millions of dollars doesn't affect you.

Think again.

As consumers, you should know the facts. When you purchase a product or service, part of your money goes toward the manufacturer or service providers' cost for liability insurance. You'd be surprised how much of your money is spent on the cost of litigation. The following is reprinted from *The \$6 Billion Dollar Game: You Are Losing* by Philip J. Hermann:

The definition of litigation costs used here includes components, accessories, services purchased and attributable to the product or service, as well as distribution and dealer litigation including customer dissatisfaction. The chart below does not include litigation costs for Workmen's Compensation or payment for injury.

Litigation cost for different manufacturers for similar products and services may differ as well as for the same products and services for different years. The difference and the fluctuation of sales volume is an important factor, as is the fluctuation of lawsuits, settlements, consumer prices, better design and litigation controls. However, the estimates are reasonably representative and valid. Manufacturers and purveyors of services are sensitive to the publication of their litigation costs. As a result, names of those cooperating and other sources cannot be published.

Difference in litigation percentages is also influenced by more competitive components and less litigation costs allocated to less expensive components and models.

PRODUCT/SERVICE	RETAIL PRICE	LITIGATION COST	PERCENT OF TOTAL
Auto Insurance: \$50,000/100,000 Coverage Liability			
Couple with 17-year-old Daughter with driver training, large Midwestern city, average premium	\$2,270.00	\$681.00	30%
Age 30, married couple, no driving age dependents, large Midwestern city, average premium	\$1360.00	\$408.00	30%
Over 30, married couple, 2 speeding tickets, small Midwestern town/rural area, average premium	\$900.00	\$270.00	30%
Consumer Product Services			
Baseball	\$6.00	\$0.18	3%
Mountain Bicycle, 27"	\$300.00	\$8.00	3%
Exercise Bicycle, fan type	\$400.00	\$6.00	1.5%
Home wood working shop machines: planer, jointer, band saw, drill press, dust collector	\$3000.00	\$135.00	4.5%
Lawn mower, riding rotary	\$700.00	\$42.00	6%
Roller blades	\$190.75	\$5.72	3%
Roller skating ticket, Friday night	\$5.00	\$0.25	5%
Ski lift ticket	\$40.00	\$2.00	5%
Step ladder, 8" Aluminum	\$119.00	\$23.86	20%
Sweeper, upright	\$150.00	\$0.75	.005%

PRODUCT/SERVICE	RETAIL PRICE	LITIGATION COST	PERCENT OF TOTAL
Medical Services: Includes defensive medical procedures and litigation costs of support personnel			
Maternity - teaching hospital, doctor on staff, prenatal care	\$550.00	\$183.15.00	33%
Maternity, doctor on staff - delivery	\$1200.00	\$398.60	33%
Maternity, doctor on staff, hospital 2 days	\$3000.00	\$500.00	17%
Hospital, non-teaching, 2 days including prenatal care and delivery-managed care	\$3367.00	\$1021.81	30%
Open heart surgery, nationally recognized teaching hospital & medical	\$35,000.00	\$8550.00	24%
Pace maker, state of the art, not including medical to install	\$18,000.00	\$3000.00	17%
Tonsillectomy	\$575.00	\$191.00	33%
DPT vaccine	\$11.50	\$2.40	20.9%
Motorized wheel chair	\$1000.00	\$170.00	17%
Motor Vehicles - domestic parts and manufacture			
Sub-compact auto	\$12,500.00	\$375.00	3%
Standard size, fully equipped auto	\$23,000.00	\$805.00	3.5%
Luxury auto, fully equipped	\$30,000.00	\$1200.00	4%
Compact station wagon	\$15,000.00	\$450.00	3%
Standard station wagon, fully equipped	\$20,992.00	\$734.72	3.5%
Pickup truck, basic	\$10,000.00	\$350.00	3.5%
Pickup truck, high performance, deluxe	\$21,613.00	\$972.59	4.5%
Delivery truck	\$28,415.00	\$1278.56	4.5%
Work truck	\$14,700.00	\$661.00	4.5%
Personal injury Lawsuits - terminated by trial and settlements			
Average recovery	\$37,000.00	\$18,500.00	50%
Hotels			
Hotel (upscale) - one night with meals, one or more person to room	\$113.95	\$00.65	.06%
Restaurants			
Limited menu, no table service, hamburger, fries & coke	\$3.75	\$00.006	.002%
Meal, limited menu, table service	\$9.00	\$00.02	.0022%
Meal, full menu, table service with wine	\$25.00	\$00.045	.0018%

Reprinted from *The 96 Billion Dollar Game: You Are Losing* by Philip J. Hermann

STATUTES OF LIMITATIONS

HOW DOES ALASKA COMPARE?

Includes statute section number

	Fraud	Conversion	Written Contract	Recovery of Land	Malpractice	Attorney Malpractice	Oral Contract	Wrongful Death	Design/Improve Real Property	Account/Debt	Open Personal Injury	Forum/Foreign	Judgment Prosecution	Malicious Malpractice	Medical Malpractice	Property Damage	Forfeiture/Penalty	Libel/Slander	Trespass
Alaska	6/10/ 1 yr†	no info	6 yr	10 yr	6 yr	6 yr	6 yr	6/2 yr †	6 yr †	1 yr	6/2 yr †	10 yr	2 yr	2 yr †	6 yr	3/2 yr †	2 yr	6 yr	
Arizona	3 yr	2 yr	6 yr	10 yr	2 yr	3 yr	2 yr	2 yr	8 yr	3 yr	2 yr	4 yr*	1 yr	2 yr	no info	no info	1 yr	2 yr	
California	3 yr	3 yr	4 yr	no info	1 yr	2 yr	1 yr	10 yr	4 yr	1 yr	10 yr	no info	3 yr	3 yr	2 yr	1 yr	1 yr	3 yr	
Colorado	3 yr	3 yr	3 yr	no info	no info	3 yr	2 yr	2 yr	6 yr	2 yr	no info	2 yr	2 yr	2 yr	1 yr	1 yr	no info		
Connecticut	3 yr	3 yr	6 yr	15 yr	3 yr	3 yr	2 yr	7 yr	6 yr	3 yr	20 yr **	no info	2 yr	2 yr	1 yr	2 yr	3 yr		
Florida	4 yr	no info	5 yr	no info	2 yr	4 yr	2 yr	4 yr	no info	4 yr	5/20 yr	4 yr	2 yr	4 yr	4 yr	2 yr	4 yr		
Georgia	2 yr	4 yr	6 yr	no info	no info	4 yr	2 yr	8 yr	4 yr	2 yr	5 yr=	2 yr	2 yr	4 yr	1 yr	1 yr	4 yr		
Illinois	5 yr	5 yr	10 yr	no info	2 yr	5 yr	2 yr	10 yr	no info	2 yr	20 yr	2 yr	2 yr	5 yr	no info	1 yr	no info		
Indiana	6 yr	no info	6 yr	no info	2 yr	6 yr	2 yr	10 yr	6 yr	2 yr	10 yr	2 yr	2 yr	6/2 yr ***	2 yr	2 yr	6 yr		
Massachusetts	3 yr	3 yr	6 yr	no info	3 yr	6 yr	3 yr	3 yr	no info	3 yr	6 yr	no info	3 yr	3 yr	1 yr	3 yr	3 yr		
Michigan	6 yr	no info	6 yr	no info	2 yr	6 yr	3 yr	6 yr	no info	3 yr	10 yr	2 yr	2 yr	3 yr	2 yr	1 yr	no info		
Missouri	5 yr	no info	5 yr	10 yr	5 yr	5 yr	3 yr	10 yr	5 yr	5 yr	5 yr	2 yr	2 yr	5 yr	3 yr	2 yr	5 yr		
New Jersey	6 yr	6 yr	6 yr	20 yr	6 yr	6 yr	2 yr	10 yr	6 yr	2 yr	20 yr	6 yr	2 yr	6 yr	2 yr	1 yr	6 yr		
New York	6 yr	6 yr	6 yr	10 yr	3 yr	6 yr	2 yr	no info	no info	3 yr	20 yr	1 yr	2.5 yr	3 yr	3 yr	1 yr	1 yr		
North Carolina	3 yr	3 yr	3 yr	20 yr	no info	3 yr	2 yr	6 yr	no info	3 yr	10 yr	no info	3 yr	3 yr	1 yr	1 yr	3 yr		
Ohio	4 yr	4 yr	15 yr	21 yr	1 yr	6 yr	2 yr	10 yr	no info	2 yr	no info	1 yr	1 yr ****	2 yr	1 yr	1 yr	4 yr		
Pennsylvania	2 yr	2 yr	4 yr	21 yr	2 yr	4 yr	2 yr	12 yr	no info	2 yr	4 yr	2 yr	2 yr	2 yr ****	2 yr	1 yr	2 yr		
Texas	2 yr	2 yr	4 yr	no info	2 yr	2 yr	2 yr	10 yr	4 yr	2 yr	10 yr**	1 yr	2 yr	2 yr	no info	1 yr	2 yr		
Virginia	2 yr	no info	5 yr	15 yr	no info	3 yr	2 yr	5 yr	no info	2 yr	20 yr	2 yr	2 yr	5 yr	no info	no info	5 yr		
Washington	3 yr	3 yr	6 yr	10 yr	3 yr	3 yr	3 yr	6 yr	no info	3 yr	10 yr	no info	no info	3 yr ****	3 yr	2 yr	3 yr		
Wisconsin	6 yr	6 yr	6 yr	30 yr	6 yr	6 yr	3 yr	no info	no info	3 yr	20 yr	6 yr	3 yr	6 yr	2 yr	2 yr	6 yr		

OTHER STATES KEY:
 †Foreign **Forum
 6 Real/2 Personal **Personal

† ALASKA KEY:
 Fraud - 6 yr=09.10.120(if state, political or public corp), 10 yr=09.10.230(land patent),
 1 yr after discovery=12.10.020(breach of fiduciary, misconduct by police)
 Wrongful Death - 6 yr=09.10.55 (construction) statute ruled unconstitutional by Sup.Crt. Op. 3290, 2 yr=09.55.580
 Design - 09.10.055 statute ruled unconstitutional by Sup.Crt. Op. 3290
 Personal Injury - 6 yr=09.10.055 (construction) statute ruled unconstitutional by Sup.Crt. Op. 3290, 2 yr=09.10.070
 Medical Malpractice - 09.10.070 (after age of majority, 09.10.040 for minors)
 Forfeiture - 3 yr=09.10.060, 2 yr=09.10.070

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LIABILITY REFORMS IN 1986

Following the explosion in liability premiums in 1985, states became more interested in reforms.

Type of reform	Number of states	Percent of liability premiums affected		State list
		General liability	Medical Malpractice	
Modify joint & several liability	16	53%	55%	Alaska, California, Colorado, Connecticut, Florida, Hawaii, Illinois, Michigan, Minnesota, Missouri, New Hampshire, New York, Utah, Washington, West Virginia, Wyoming*
Limits on liability	13	11%	14%	Alabama, Alaska, Colorado, Connecticut, Delaware, Hawaii, Indiana, Maine, Maryland, New Hampshire, Tennessee, Utah, Wyoming
Limits on non-economic damages	10	14%	12%	Alaska, Colorado, Florida, Kansas, Maryland, Minnesota, New Hampshire, New Mexico, Oklahoma, Washington
Limits on punitive damages	6	9%	7%	Colorado, Florida, Minnesota, New Hampshire, New Mexico, Oklahoma
Modify collateral source rule	5	13%	9%	Colorado, Connecticut, Indiana, Michigan, Minnesota
Provide for structured or periodic payments	7	12%	10%	Alaska, Connecticut, Iowa, Maine, Michigan, Utah, Washington
Modify dram shop rules	11	17%	18%	Arizona, Colorado, Connecticut, Indiana, Maine, Montana, New Hampshire, Tennessee, Utah, Washington
Modify statute of limitations	4	5%	5%	Colorado, Connecticut, Maine, Washington
Limit attorney contingency fees	4	5%	3%	Connecticut, Maine, New Hampshire, Wisconsin

Source: *The Effect of 1980s Tort Reform Legislation on General Liability and Medical Malpractice Insurance*

*Colo., Utah, & Wyo. abrogated joint and several liability in 1986. The remaining states modified the doctrine.

RESULT OF REFORMS MADE IN 1986

The liability reform efforts did more than constrain spiraling costs of insurance. They stabilized insurance markets and fostered sound functioning of the economy.

Change in real total annual insurer loss and premiums, by line 1985 - 1988

	Losses in \$ millions	Premiums in \$ millions	Loss Ratio 85	Loss Ratio 88
General liability	-4871	5678	1.12	0.62
Medical malpractice	-531	1256	1.22	0.79
Automobile	7924	14201	0.75	0.71

Source: *The Effect of 1980s Tort Reform Legislation on General Liability and Medical Malpractice Insurance*

History of ISO General Liability Rate Changes in Alaska

Approval Date	Rate Change (in %)	Basic Limits	Increased Limits	Products	Premises		Professional Liability	
				All	Manufacturers & Contractors	Owners, Landlords, & Tenants	Physicians, Surgeons & Dentists	Hospitals
1/7/84	7.8	X	X	X				
2/1/84	128.8	X	X				X	
2/17/84	40.1		X					X
10/4/84	21	X				X		
10/31/84	20	X		X				
11/29/84	5.6		X				X	
2/2/85	1.3	X			X			
2/6/85	10.7		X		X	X		
7/10/85	23.1	X				X		
11/1/85	43.8	X	X	X				
2/26/86	50.0	X					X	
4/14/86	7.6	X			X			
6/13/86	15.4		X					X
7/3/86	8.9		X			X		
9/5/86	3.3		X		X			
2/27/87	12.1	X				X		
3/2/87	30.6	X	X	X				
4/3/87	35.0	X					X	
6/15/87	31.6	X			X			
8/4/87	9.7		X					X
3/30/88	-4.3	X		X				
7/19/89	-20.0		X	X				
1/11/90	-13.7	X		X				
1/12/90	1.1	X	X			X		
2/19/92	6.1	X			X	X		
2/19/92	-12.0		X		X	X		
4/1/92	14.0	X				X		
11/13/92	-3.2		X		X	X		
1/7/93	0		X					X
4/16/93	-2.5	X			X	X		
9/24/93	0	X					X	

Notes:

1. Effective date of an ISO filing is generally 3 to 6 months after approval date.
2. Rate change is the overall average, different "classes" (e.g. neurosurgeon vs. general practitioner) will probably have different changes apply to them.
3. "Basic" and "Increased" refer to the limits of liability under the policy. Basic limits are about \$25,000; everything else is an increased limit. People who only purchase base limits won't be affected by an increased limit rate change. People who purchase increased limits are affected by both basic and increased limit changes.
4. "Products," "Premises" and "Professional Liability" are different types of policies. Products includes completed operations (such as a construction project); Premises is what is purchased by most small businesses for risks occurring on their premises.
5. The filing approved on 4/1/92 only applied to governmental subdivisions.

In the Final Analysis, the Tort System Does Not Effectively Serve Victims' Needs

Efficiency Comparisons

Available to victim
Unavailable to victim

Portion Returned to Beneficiary



Torts



Workers'
Comp



Health
Insurance



Social
Security

■ If the tort system is judged as a method of compensating accident victims for their losses, it is both inefficient and unfair. Inefficient, because only half – or less – of the cost goes toward any form of compensation for victims. Unfair, because many victims receive no compensation at all.

Attorney Commission as Presently Used

Example case of transaction costs in Alaska

Category of Loss	Actual Claim Dollar Loss	Formula Attorney 40% Fee *see note	Revised New Claim Loss	Actual Recovery Settlement Amount	Recovery Attorney 40% Commission	Actual Amount to Victim	Percent of Recovery to Actual Loss
Past Wage Loss	20,000.00	33,333.33	33,333.33	30,000.00	12,000.00	18,000.00	90.00%
Future Wage Loss (present value)	350,000.00	583,333.33	583,333.33	450,000.00	180,000.00	270,000.00	77.14%
Past Medical Loss	75,000.00	125,000.00	125,000.00	120,000.00	48,000.00	72,000.00	96.00%
Future Medical Loss	120,000.00	200,000.00	200,000.00	175,000.00	70,000.00	105,000.00	87.50%
Other Past Loss	25,000.00	41,666.67	41,666.67	20,000.00	8,000.00	12,000.00	48.00%
Other Future Loss	75,000.00	125,000.00	125,000.00	75,000.00	30,000.00	45,000.00	60.00%
Pain and Suffering	500,000.00	833,333.33	833,333.33	375,000.00	150,000.00	225,000.00	45.00%
Claim Totals	1,165,000.00	1,941,666.67	1,941,666.67	1,245,000.00	498,000.00	747,000.00	64.12%

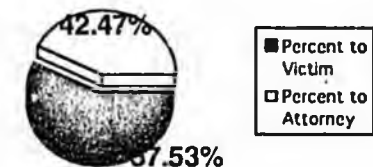
*Attorney Markup is determined by dividing the Claim Dollar amount by 60%.

Additional Deductions from the Claimant's Award

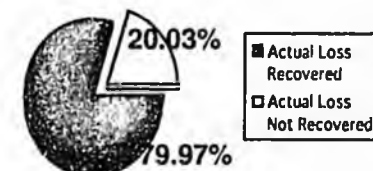
As allowed by the Supreme Court, Alaska Bar Association, and the recovery process.

	Amount	Attorney Costs	Attorney Commission	Amount to Attorney	Amount to Claimant
Gross Recovery	747,000.00	40,000.00	already taken	40,000.00	707,000.00
Rule 82 Fees	124,500.00	0	40.00%	49,800.00	74,700.00
Pre-Judgment Interest	250,000.00	0	40.00%	100,000.00	150,000.00
Deduction Totals				189,800.00	224,700.00
Claim Total				498,000.00	707,000.00
Settlement Total	1,619,500.00			687,800.00	931,700.00

Settlement Distribution



Restoration to Victim



Attorney Commission as Presently Used

Example claim of transaction costs in Alaska
As allowed by the Supreme Court, Alaska Bar Association, and the recovery process.

	Amount	Attorney Costs	Attorney Commission	Amount to Attorney	Amount to Claimant
Claim Totals	1,165,000.00	0	40.00%	498,000.00	747,000.00
Gross Recovery	747,000.00	40,000.00	0	40,000.00	707,000.00
Rule 82 Fees	124,500.00	0	40.00%	49,800.00	74,700.00
Pre-Judgment Interest	250,000.00	0	40.00%	100,000.00	150,000.00
Deduction Totals				189,800.00	224,700.00
Claim Total				498,000.00	707,000.00
Settlement Total	1,619,500.00			687,800.00	931,700.00

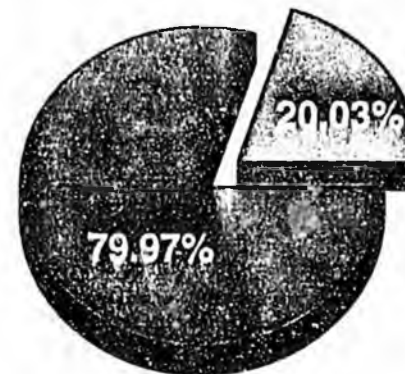
Claimant's Actual Claim Dollar Loss = \$1,165,000.00

Settlement Distribution



■ Percent to Attorney
■ Percent to Victim

Restoration to Victim

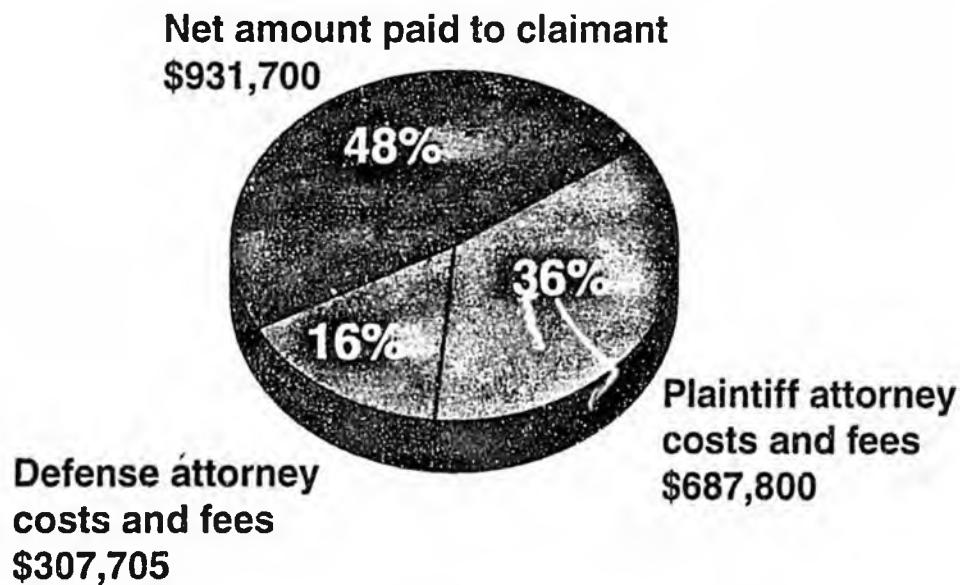


■ Actual Loss Not Recovered
■ Actual Loss Recovered

TOTAL COST ALLOCATIONS

For a typical lawsuit in Alaska with actual
dollar claim losses of \$1,165,000.00

Defense Attorney Fees and Costs	\$307,705
Plaintiff Attorney Fees and Costs	\$687,800
Compensation to Claimant	\$931,700
Total Costs	\$1,927,205



Percent of total costs paid to claimant:

48%

LITIGATION COSTS: EVERYDAY IMPACT OF A HIDDEN TAX ON ALASKA FAMILIES

You have never been involved in a lawsuit and the problem of expensive court cases and settlements for millions of dollars doesn't affect you.

Think again.

As consumers, you should know the facts. When you purchase a product or service, part of your money goes toward the manufacturer or service providers' cost for liability insurance. You'd be surprised how much of your money is spent on the cost of litigation. The following is reprinted from *The 96 Billion Dollar Game: You Are Losing* by Philip J. Hermann:

The definition of litigation costs used here includes components, accessories, services purchased and attributable to the product or service, as well as distribution and dealer litigation including customer dissatisfaction. The chart below does not include litigation costs for Workmen's Compensation or payment for injury.

Litigation cost for different manufacturers for similar products and services may differ as well as for the same products and services for different years. The difference and the fluctuation of sales volume is an important factor, as is the fluctuation of lawsuits, settlements, consumer prices, better design and litigation controls. However, the estimates are reasonably representative and valid. Manufacturers and purveyors of services are sensitive to the publication of their litigation costs. As a result, names of those cooperating and other sources cannot be published.

Difference in litigation percentages is also influenced by more competitive components and less litigation costs allocated to less expensive components and models.

PRODUCT/SERVICE	RETAIL PRICE	LITIGATION COST	PERCENT OF TOTAL
Auto Insurance: \$50,000/100,000 Coverage Liability			
Couple with 17-year-old Daughter with driver training, large Midwestern city, average premium	\$2,270.00	\$681.00	30%
Age 30, married couple, no driving age dependents, large Midwestern city, average premium	\$1360.00	\$408.00	30%
Over 30, married couple, 2 speeding tickets, small Midwestern town/rural area, average premium	\$900.00	\$270.00	30%
Consumer Product Services			
Baseball	\$6.00	\$0.18	3%
Mountain Bicycle, 27"	\$300.00	\$8.00	3%
Exercise Bicycle, fan type	\$400.00	\$6.00	1.5%
Home wood working shop machines: planer, jointer, band saw, drill press, dust collector	\$3000.00	\$135.00	4.5%
Lawn mower, riding rotary	\$700.00	\$42.00	6%
Roller blades	\$190.75	\$5.72	3%
Roller skating ticket, Friday night	\$5.00	\$0.25	5%
Ski lift ticket	\$40.00	\$2.00	5%
Step ladder, 8' Aluminum	\$119.00	\$23.86	20%
Sweeper, upright	\$150.00	\$0.75	.005%

PRODUCT/SERVICE	RETAIL PRICE	LITIGATION COST	PERCENT OF TOTAL
Medical Services: Includes defensive medical procedures and litigation costs of support personnel			
Maternity - teaching hospital, doctor on staff, prenatal care	\$550.00	\$183.15.00	33%
Maternity, doctor on staff - delivery	\$1200.00	\$398.60	33%
Maternity, doctor on staff, hospital 2 days	\$3000.00	\$500.00	17%
Hospital, non-teaching, 2 days including prenatal care and delivery-managed care	\$3367.00	\$1021.81	30%
Open heart surgery, nationally recognized teaching hospital & medical	\$35,000.00	\$8550.00	24%
Pace maker, state of the art, not including medical to install	\$18,000.00	\$3000.00	17%
Tonsillectomy	\$575.00	\$191.00	33%
DPT vaccine	\$11.50	\$2.40	20.9%
Motorized wheel chair	\$1000.00	\$170.00	17%
Motor Vehicles - domestic parts and manufacture			
Sub-compact auto	\$12,500.00	\$375.00	3%
Standard size, fully equipped auto	\$23,000.00	\$805.00	3.5%
Luxury auto, fully equipped	\$30,000.00	\$1200.00	4%
Compact station wagon	\$15,000.00	\$450.00	3%
Standard station wagon, fully equipped	\$20,992.00	\$734.72	3.5%
Pickup truck, basic	\$10,000.00	\$350.00	3.5%
Pickup truck, high performance, deluxe	\$21,613.00	\$972.59	4.5%
Delivery truck	\$28,415.00	\$1278.56	4.5%
Work truck	\$14,700.00	\$661.00	4.5%
Personal injury Lawsuits - terminated by trial and settlements			
Average recovery	\$37,000.00	\$18,500.00	50%
Hotels			
Hotel (upscale) - one night with meals, one or more person to room	\$113.95	\$00.65	.06%
Restaurants			
Limited menu, no table service, hamburger, fries & coke	\$3.75	\$00.006	.002%
Meal, limited menu, table service	\$9.00	\$00.02	.0022%
Meal, full menu, table service with wine	\$25.00	\$00.045	.0018%

Reprinted from *The 96 Billion Dollar Game: You Are Losing* by Philip J. Hermann

POSITION PAPER
The Alaska Civil Liabilities Act
by
Alaskans for Liability Reform

Historical Background

Since 1986 Alaskans for Liability for Reform have been continuously working with the Alaska legislature to make needed substantive changes in the Alaska Civil Liberties Act.

In 1988 the organization was responsible for a statewide initiative which limited the percentage of fault on injuries and wrongful deaths. More than 72 per cent of Alaska's voters were in favor and passed into law this act which required judges and juries to allocate awards by percentage of fault. The intent was that all parties whether sued or not were considered.

The reforms sought by this organization have but one common goal -- ensuring all parties in a law suit are treated fairly, suits are brought and concluded within a reasonable time period, and that awards by the courts are both reasonable and fair.

The Issue Today

Broad, statewide support to create further reforms in the Civil Liberties Act has reached an all-time high and involves a variety of organizations and individuals. They have been instrumental in helping put together legislation that will enact further reforms to create a more equitable distribution of the cost and risk of injury. The proposed legislation, House Bill No. 292, and a companion bill in the Senate, S.B. 254, would reduce costs associated with the civil justice system and ensure adequate and appropriate compensation of injuries.

Passage of this important piece of legislation is critical to the well-being of our current and future residents, putting some economic sense and reasonableness back into the judicial system.

Both pieces of proposed legislation have many reform amendments and include seven major points designed to provide fair compensation for injured parties, setting legal and realistic statute limitations, establish fair guidelines for recovery and reduce costs of litigation.

Specifically, the legislation supported by Alaskans for Liability Reform:

Limits Non-Economic Damages

This would allow injured parties to recover all economic damages up to a cap of \$500,000 for non-economic losses, generally known as "pain and suffering." It would have no affect on wage

losses, medical expenses, rehabilitative care, dependent care or other costs related directly to the injuries. It would also prevent collecting more than \$500,000 by multiple filings for the same incident.

Gillespie v. Beta Construction*
No. 3AN-90-8414 CV

Discloses Double Recovery

The legislation would require that judges and juries be informed whenever a person has already received payment for economic loss from other collateral sources. Claimants could only recover damages that exceed any amount previously paid. It would prevent plaintiffs from collecting more than once for the same injury.

Justice v. Humana
No. 3AN 86-122-CV

Establishes Reasonable Statutes of Limitation on Legal Actions and Health Care Providers

The act would set a fair and reasonable term of limitations of six years on legal actions for injury, death or property damage. All crimes, except murder, have a statute of limitation and the same standard of fairness should apply to civil law.

The legislation would set a fair and reasonable term of limitations of two years on actions against health care providers based on professional negligence or omission. The two year limit would not apply to minors under six years of age.

Johnson v. Siegfried
Alaska Supreme Court Opinion 3890

Limits Punitive Damages

The bill states that punitive damages must be "clear and convincing" actions of malice or conscious disregard of another and that any awards will be at least \$200,000 or up to three times the amount of compensatory damages awarded exclusive of pain and suffering.

Underwriters at Lloyds v. The Narrows, L & L Enterprises
No. 3AN 089-09272 CV

Keeps a Person Engaged in a Felony from Suing

The legislation would prevent a person or his estate from suing for personal injury or death that occurred while the person was committing a felony.

John Miller v. Anchorage Police Dept.
No. 3 AN-90-8009 CV

Limits Attorneys Fees and Assures Plaintiffs Receive a Larger Share of Award Money

This would require the payment due the attorney on a contingent fee basis to be paid in a lump sum under present value at time of award, and prevent attorneys from getting increases due to payment adjustments for inflation. Plaintiffs would receive a greater share of their settlement award.

Conclusion

All of these major provisions are critical in helping control liability insurance costs and establish fairness, as well as reasonableness, in the civil judicial system. Passage of this legislation is not only necessary, but at last, a thorough, logical and well researched answer to an on-going problem in Alaska.

Many other states have already made specific changes in liability law such as those proposed in the House and Senate bills. California, notably, has been a leader in tort reform and as well, a model for other states in successfully adopting such changes without harm to the judicial system.

By adopting this act, Alaska could become a role model in liability reform by legislative enactment and at the same time solve one of its major civil liberty problems.

*Court cases cited are found in Summary Booklet dated December 1993 by Alaskans for Liability Reform.

State of Alaska

Department of Commerce
and Economic Development

Division of Insurance

Division of Insurance
P.O. Box 110805
Juneau, AK 99811-0805
Phone (907) 465-2007/573

Ninth Floor, State Office Building
333 Willoughby Avenue
Juneau, Alaska 99801
FAX (908) 465-3422

FAX Transmittal

From: Barbara Thurston

Date: January 14, 1994

To: Resa Jerrel

Company:

Fax Number: 789-3433

Number of Pages: 2

Hard Copy to Follow: No

Here is the information you requested on General Liability rate changes. This is a history of the rate changes filed by the Insurance Services Office (ISO) which files on behalf of most of the companies selling General Liability insurance in Alaska.

As you can see, there are several different types of policies here...I've marked with Xs the type of filing (basic limits versus excess limits) and the type of form (professional, premises, or products liability) for each rate change.

This information was taken off a special report generated by ISO in response to my request for historical information. While I believe that it is all correct, I have not verified all the details myself, so can't guarantee that this information is free of any errors.

Let me know if you have any questions as to how to interpret this chart.

History of ISO General Liability Rate Changes In Alaska

Approval Date	Rate Change (%)	Basic Limits	Increased Limits	Products	Premises		Professional Liability	
				All	Manufacturers & Contractors	Owners, Landlords, & Tenants	Physicians, Surgeons, and Dentists	Hospitals
1/7/84	7.8	x	x	x				
2/1/84	128.8	x	x				x	
2/17/84	40.1		x					x
10/4/84	21	x				x		
10/31/84	20	x		x				
11/29/84	5.6		x				x	
2/2/85	1.3	x			x			
2/6/85	10.7		x		x	x		
7/10/85	23.1	x				x		
11/1/85	43.8	x	x	x				
2/26/86	50	x					x	
4/14/86	7.6	x			x			
6/13/86	15.4		x					x
7/3/86	8.9		x			x		
9/5/86	3.3		x		x			
2/27/87	12.1	x				x		
3/2/87	30.8	x	x	x				
4/3/87	35	x					x	
6/15/87	31.8	x			x			
8/4/87	9.7		x					x
3/30/88	-4.3	x		x				
7/19/89	-20		x	x				
1/11/90	-13.7	x		x				
1/12/90	1.1	x	x			x		
2/19/92	6.1	x			x	x		
2/19/92	-12		x		x	x		
4/1/92	14	x				x		
11/13/92	-3.2		x		x	x		
1/7/93	0		x					x
4/16/93	-2.5	x			x	x		
8/24/93	0	x					x	

Notes:

- 1 The effective date of an ISO filing is generally 3 to 6 months after the approval date
- 2 The rate change is the overall average, different "classes" (e.g. neurosurgeon vs general practitioner) will probably have different changes apply to them
- 3 "Basic" and "Increased" refer to the limits of liability under the policy. Basic limits are about \$25,000; everything else is an increased limit. People who only purchase basic limits won't be affected by an increased limit rate change. People who purchase increased limits are affected by both basic and increased limit changes.
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- 5 The filing approved on 4/1/92 only applied to governmental subdivisions.

57% BETWEEN
MEDICAL MALPRACTICE
AND CIVIL LIABILITY LAWSUITS
AND CLAIMS ARE WITHOUT MERIT

Alaskans For Liability Reform

An analysis of frivolous civil liability lawsuits
and claims against hospitals and physicians in Alaska
from 1977 through 1989*

*Information for this report is based on a March, 1992 report by the Legislative Research Agency and presented to Representative Mark Boyer per his research request # 91.222, "State Approaches to Medical Malpractice."

OVERVIEW

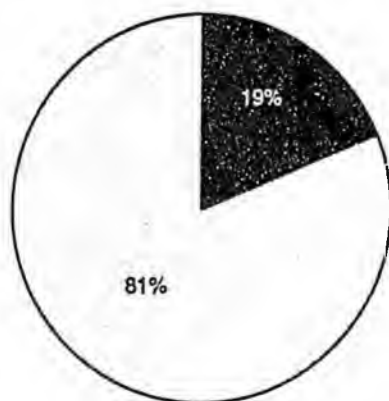
Civil justice in Alaska has generally been developed by the courts on a case-by-case basis. This has resulted in an chaotic system of rules that are often ambiguous and contradictory. The result is high malpractice and liability insurance premiums, lawsuits filed decades after construction or delivery of services, and exorbitantly high costs of litigation to the parties involved and to the taxpayers who pay for our civil justice system.

As the information in these pages shows, a high percentage of the claims and lawsuits filed against Medical Indemnity Corporation of Alaska (MICA, a primary medical malpractice insurer created by the Alaska Legislature) and Medical Indemnity Exchange of California (MIEC) are settled without payment. This suggests that many claims are frivolous, weak or unfounded. And yet the cost of litigating this avalanche of poorly-supported liability claims takes its toll on the parties involved as well as our civil justice system.

During the period 1977 - 1989, the average cost to defend a MICA lawsuit that resulted in payment equalled 19 percent of the amount eventually paid. Meanwhile, 57 percent of the MICA lawsuits settled without any payment. And 61 percent of the MICA claims that never reached a lawsuit settled without payment. During the period 1980 - 1989, some 88 percent of the closed MIEC claims settled without payment.

Alaskans for Liability Reform support amending the Alaska Rules of Civil Procedure and the Alaska Civil Liabilities Act to ensure all parties in a law suit are treated fairly, suits are brought and concluded within a reasonable time period, and awards made by the courts are reasonable and fair.

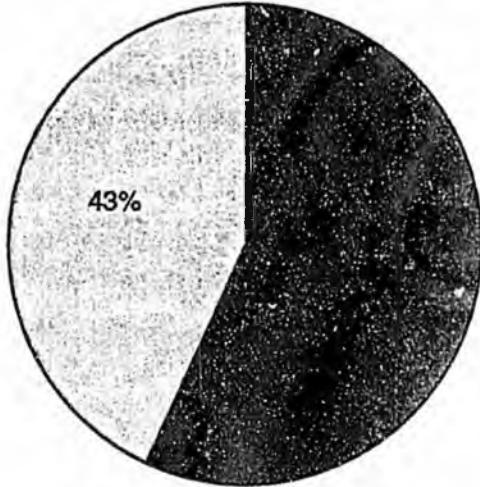
1977 - 1989, the cost of defending a MICA lawsuit averaged
19% of the amount of the settlement paid



■ average cost of defense as % of average settlement paid
□ average settlement paid

OVERVIEW

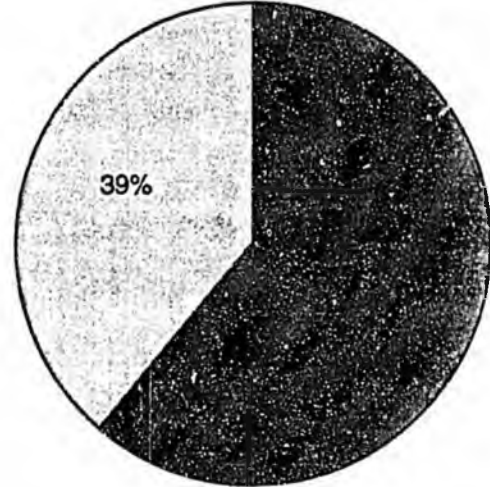
From 1977 - 1989, of the 174 MICA lawsuits, 57% settled without payment



lawsuits settled with payment

lawsuits settled without payment

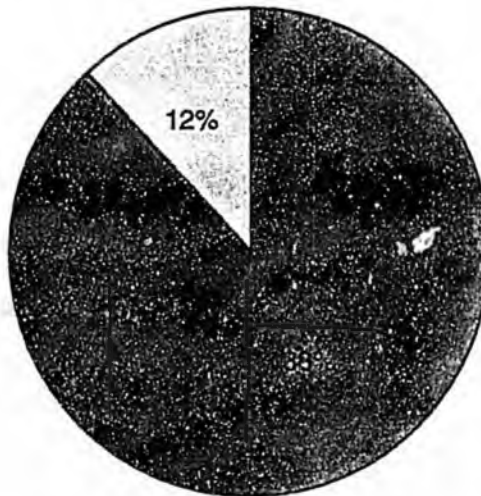
From 1977 - 1989, of the 119 MICA claims, 61% settled without payment



claims settled with payment

claims settled without payment

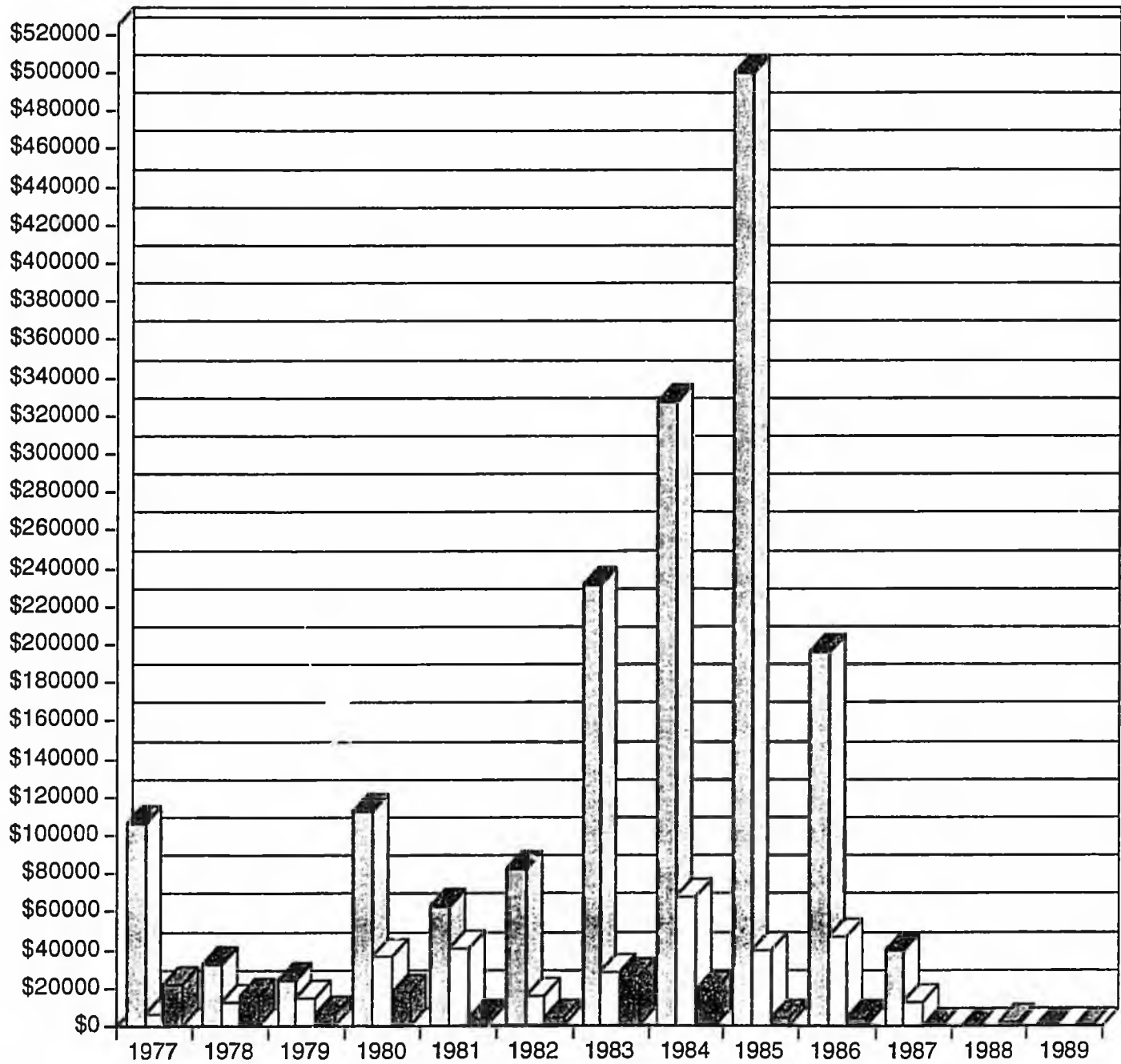
From 1980 - 1989, of the 181 closed MIEC claims, 88% settled without payment



claims settled with payment

claims settled without payment

Average cost of defense compared to settlement payment

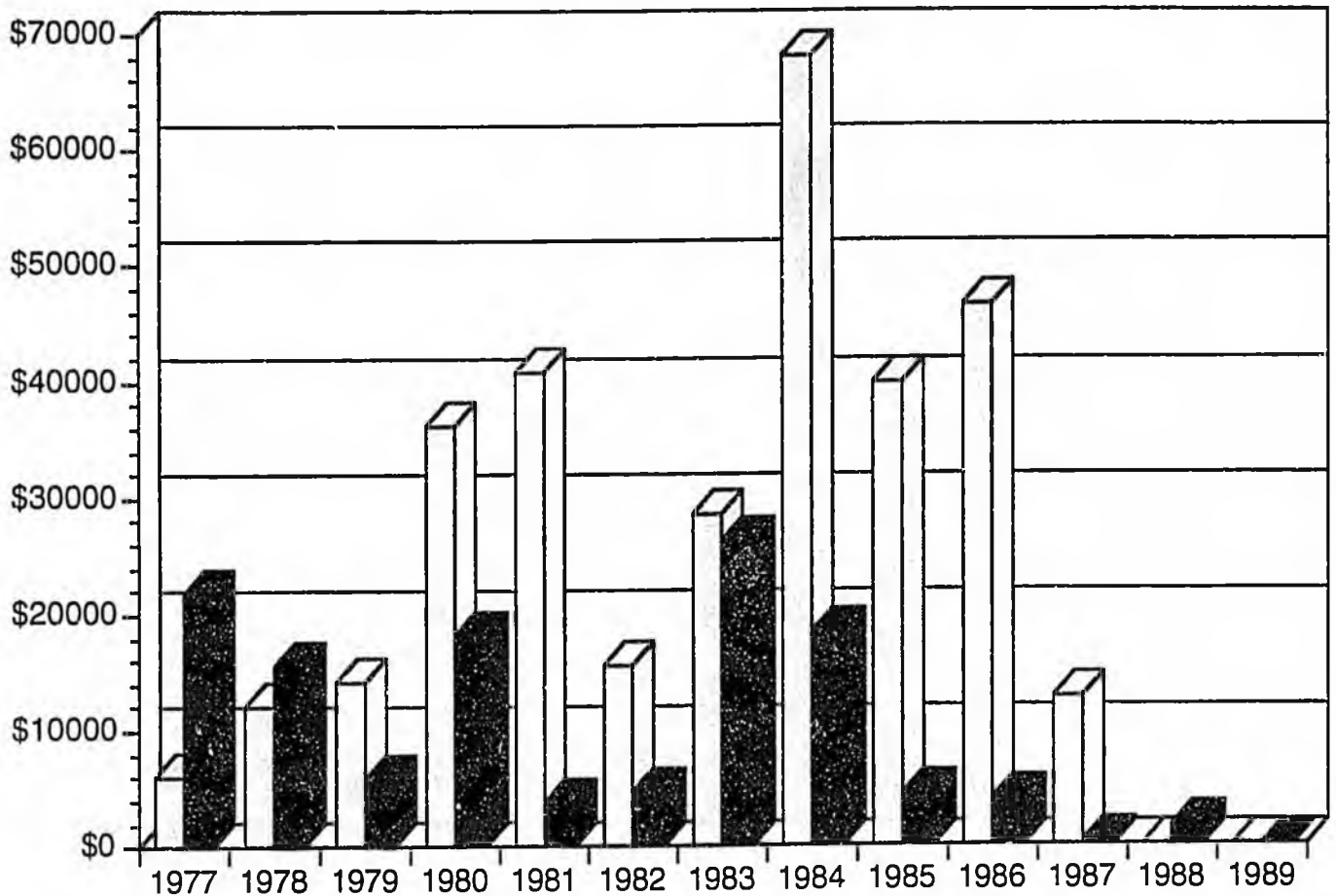


- Average settlement in cases where payment was made
- cost of defense in cases where payment was made
- cost of defense in cases where no payment was made

SUMMARY, MICA LAWSUITS

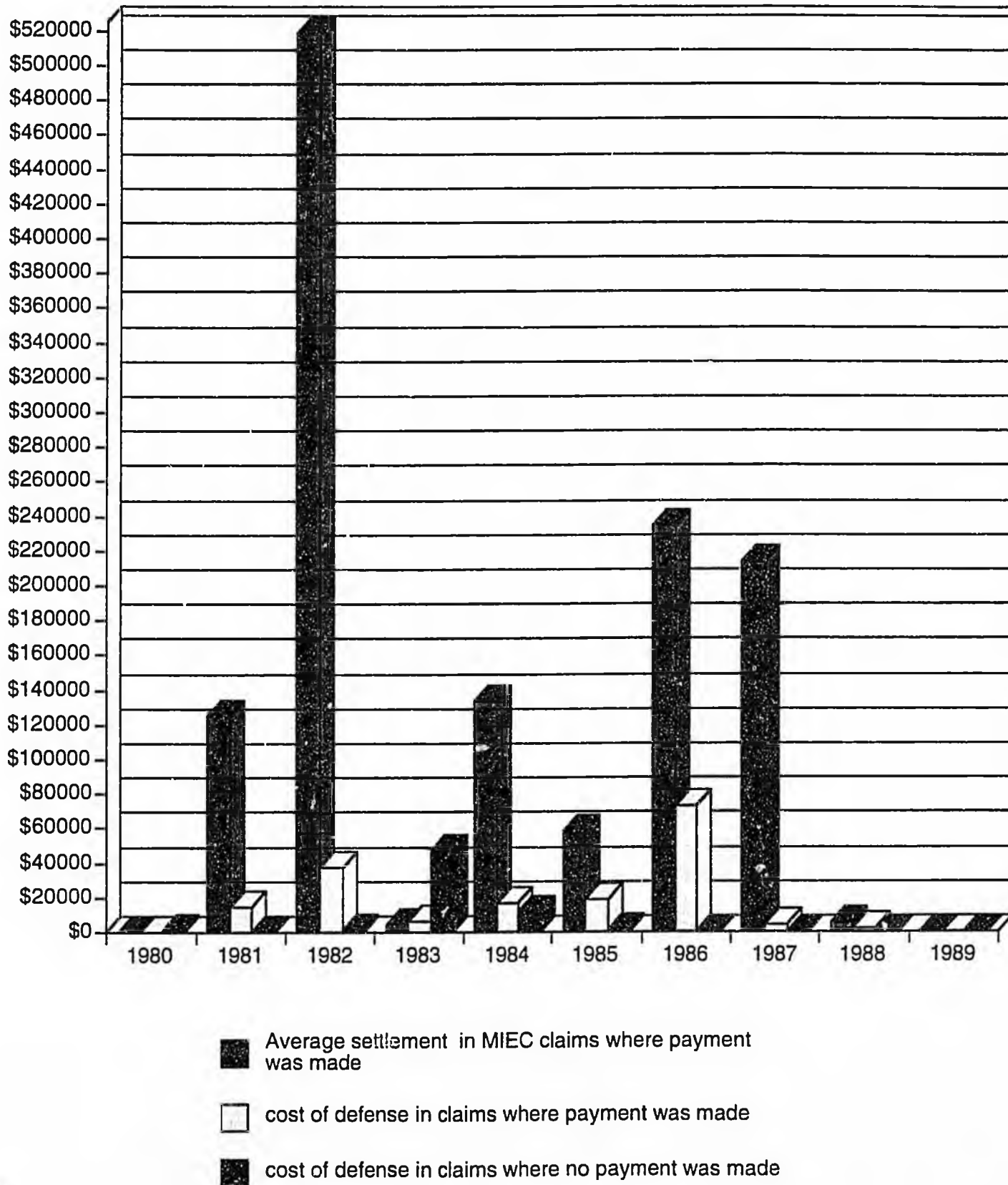
1977-89

Average cost of defense in cases with payment vs cost of defense in cases without payment



- cost of defense in cases where payment was made
- cost of defense in cases where no payment was made

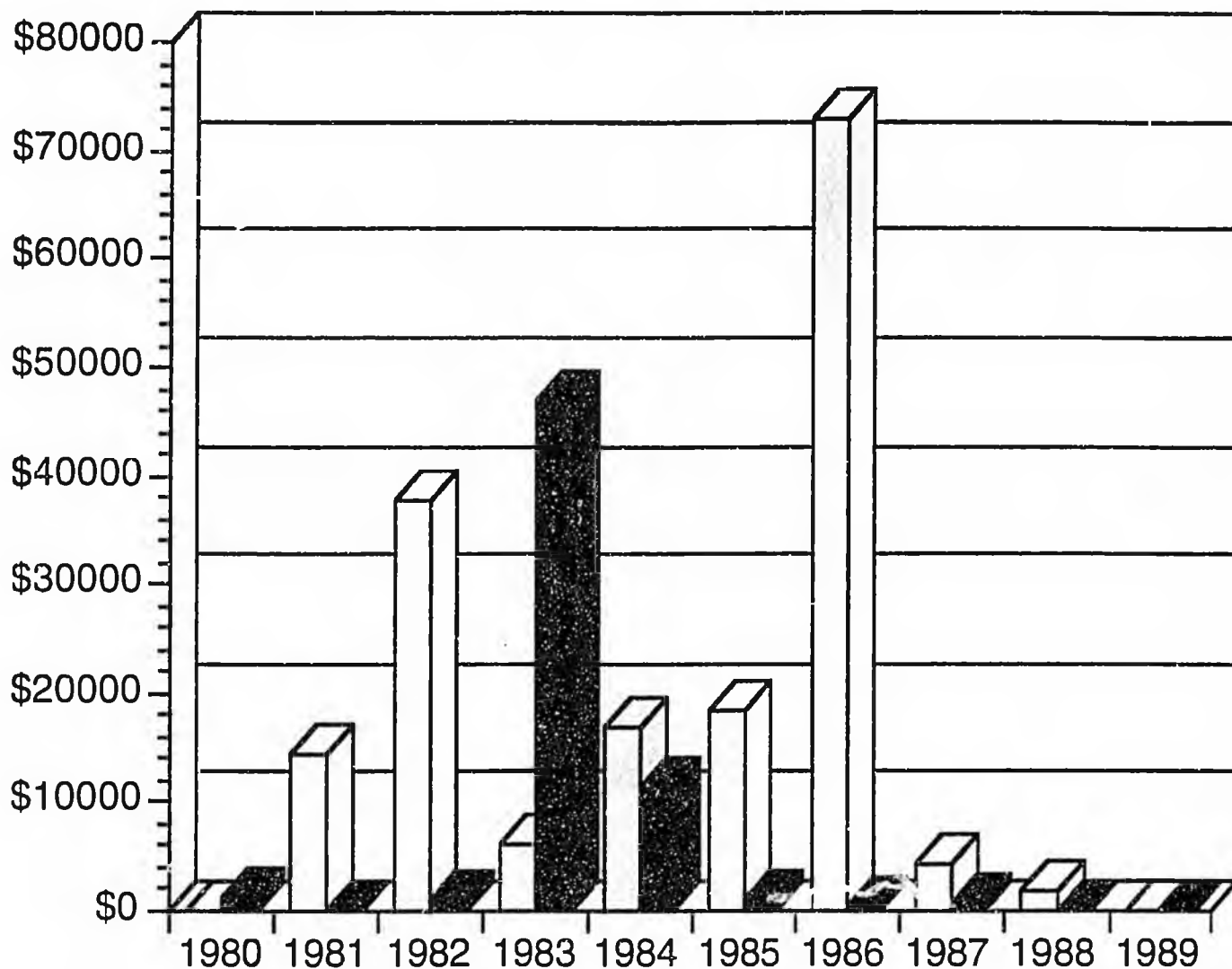
Average cost of MIEC defense compared to settlement payment



SUMMARY, MIEC CLAIMS

1980-89

Average cost of defense in MIEC cases with payment vs cost of defense in cases without payment



□ cost of defense in MIEC claims where payment was made

■ cost of defense in MIEC claims where no payment was made

Total number of MICA lawsuits: 8

Number (and percentage) settled without payment: 4 (50%)
 Number (and percentage) settled with payment: 4 (50%)
 Average settlement: \$106,250
 Average cost of defense in cases resulting in no payment: \$21,880
 Average cost of defense in cases resulting in payment: \$6,053

Total number of MICA claims: 5

Number (and percentage) settled without payment: 4 (80%)
 Number (and percentage) settled with payment: 1 (20%)
 Average settlement: \$7,500
 Average cost of defense in cases resulting in no payment: \$12,222
 Average cost of defense in cases resulting in payment: \$1,240

50% of all 1977 MICA lawsuits settled without payment

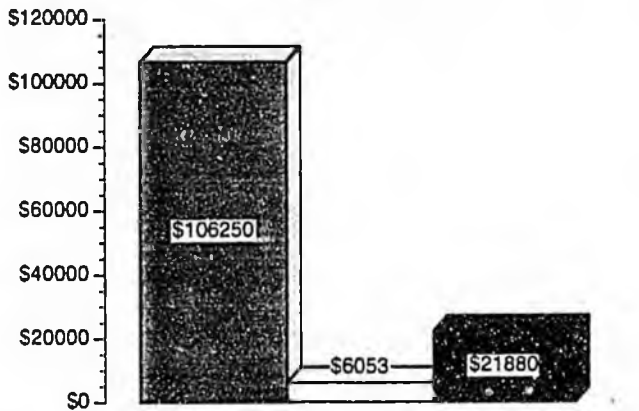


80% of all 1977 MICA claims settled without payment

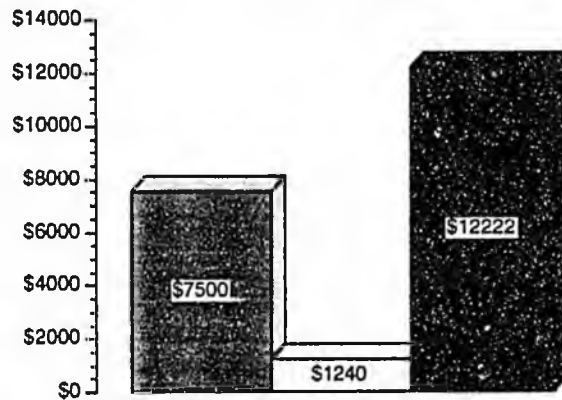





Cost of defending suits & claims as compared to settlements




1977 MICA lawsuits



1977 MICA claims



-  average lawsuit settlement in cases resulting in payment
-  average cost of defense in lawsuits resulting in payment
-  average cost of defense in lawsuits resulting in no payment

-  average claim settlement in cases resulting in payment
-  average cost of defense in claims resulting in payment
-  average cost of defense in claims resulting in no payment

No data available for 1977

Total number of MICA lawsuits: 8

Number (and percentage) settled without payment: 6 (75%)

Number (and percentage) settled with payment: 2 (25%)

Average settlement: \$32,500

Average cost of defense in cases resulting in no payment: \$15,470

Average cost of defense in cases resulting in payment: \$12,148

Total number of MICA claims: 3

Number (and percentage) settled without payment: 2 (66%)

Number (and percentage) settled with payment: 1 (33%)

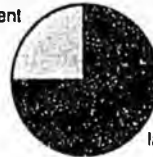
Average settlement: \$35,426

Average cost of defense in cases resulting in no payment: \$190

Average cost of defense in cases resulting in payment: \$0

75% of all 1978 MICA lawsuits settled without payment

lawsuits settled with payment



lawsuits settled without payment

66% of all 1978 MICA claims settled without payment

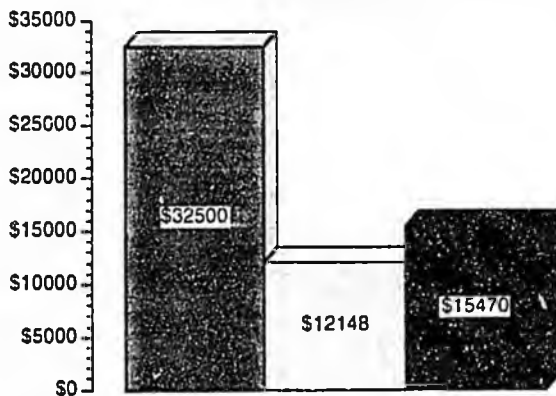
claims settled with payment



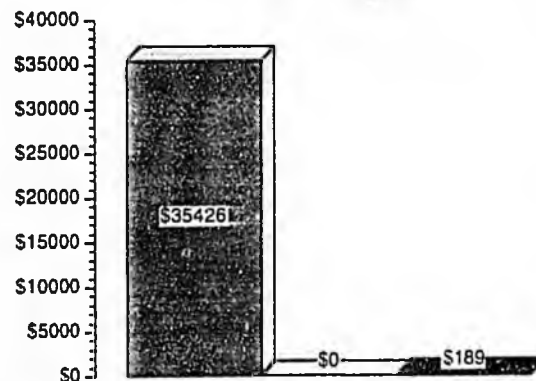
claims settled without payment

Cost of defending suits & claims as compared to settlements

1978 MICA lawsuits



1978 MICA claims



- average lawsuit settlement in cases resulting in payment
- average cost of defense in lawsuits resulting in payment
- average cost of defense in lawsuits resulting in no payment

- average claim settlement in cases resulting in payment
- average cost of defense in claims resulting in payment
- average cost of defense in claims resulting in no payment

No data available for 1978

Total number of MICA lawsuits: 6

- Number (and percentage) settled without payment: 4 (66%)
- Number (and percentage) settled with payment: 2 (33%)
- Average settlement: \$23,500
- Average cost of defense in cases resulting in no payment: \$5,850
- Average cost of defense in cases resulting in payment: \$14,294

Total number of MICA claims: 2

- Number (and percentage) settled without payment: 2 (100%)
- Number (and percentage) settled with payment: 0 (0%)
- Average settlement: \$0
- Average cost of defense in cases resulting in no payment: \$545
- Average cost of defense in cases resulting in payment: \$0

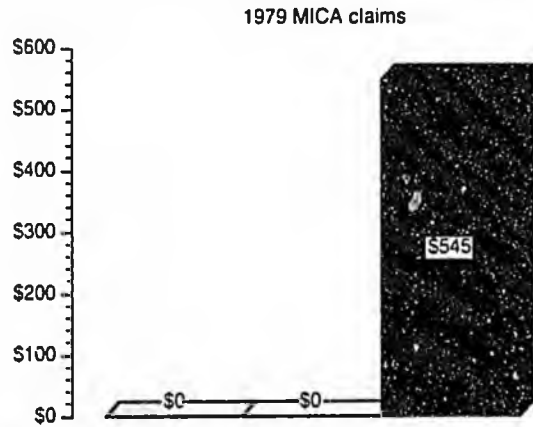
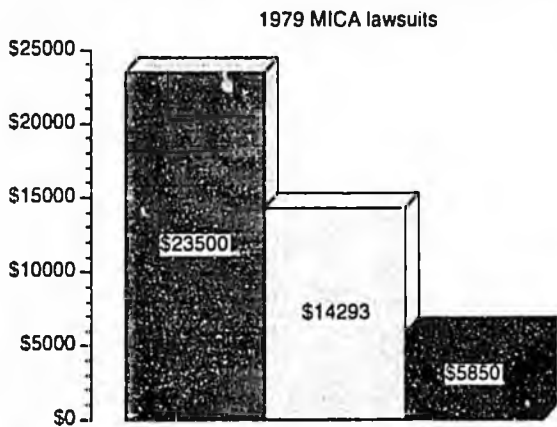
66% of all 1979 MICA lawsuits settled without payment



100% of all 1979 MICA claims settled without payment



Cost of defending suits & claims as compared to settlements



- average lawsuit settlement in cases resulting in payment
- average cost of defense in lawsuits resulting in payment
- average cost of defense in lawsuits resulting in no payment

- average claim settlement in cases resulting in payment
- average cost of defense in claims resulting in payment
- average cost of defense in claims resulting in no payment

No data available for 1979

1980

MICA LAWSUITS & CLAIMS

Total number of MICA lawsuits: 8

Number (and percentage) settled without payment: 5 (63%)

Number (and percentage) settled with payment: 3 (37%)

Average settlement: \$112,917

Average cost of defense in cases resulting in no payment: \$18,144

Average cost of defense in cases resulting in payment: \$36,186

Total number of MICA claims: 6

Number (and percentage) settled without payment: 3 (50%)

Number (and percentage) settled with payment: 3 (50%)

Average settlement: \$33,904

Average cost of defense in cases resulting in no payment: \$871

Average cost of defense in cases resulting in payment: \$2,351

63% of all 1980 MICA lawsuits settled without payment

lawsuits settled with payment



lawsuits settled without payment

50% of all 1980 MICA claims settled without payment

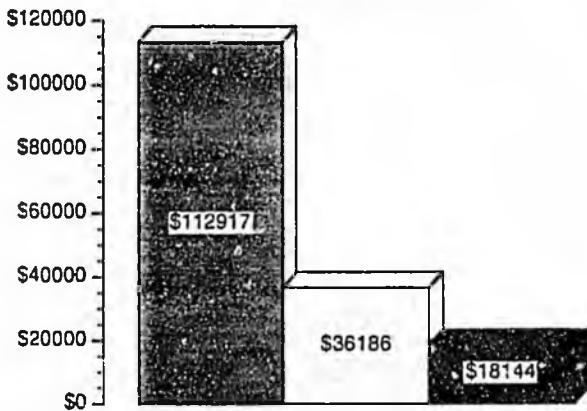
claims settled with payment



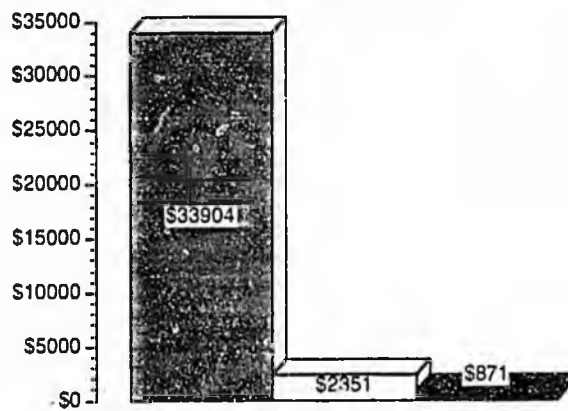
claims settled without payment

Cost of defending suits & claims as compared to settlements

1980 MICA lawsuits



1980 MICA claims



- average lawsuit settlement in cases resulting in payment
- average cost of defense in lawsuits resulting in payment
- average cost of defense in lawsuits resulting in no payment

- average claim settlement in cases resulting in payment
- average cost of defense in claims resulting in payment
- average cost of defense in claims resulting in no payment

MIEC CLAIMS

1980

Total number of MIEC claims: 3

Number (and percentage) settled without payment: 3 (100%)

Number (and percentage) settled with payment: 0 (0%)

Average settlement: \$0

Average cost of defense in cases resulting in no payment: \$1,150

Average cost of defense in cases resulting in payment: \$0

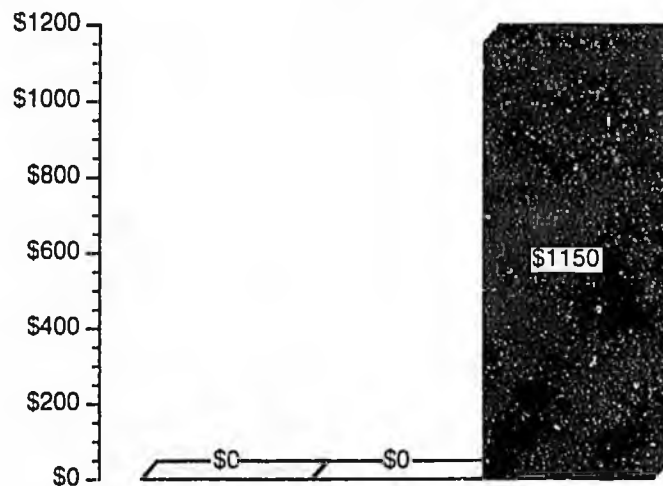
100% of all 1980 MIEC claims settled without payment






claims settled without payment

Cost of defending claims as compared to settlements

1980 MIEC claims



-  average claim settlement in cases resulting in payment
-  average cost of defense in claims resulting in payment
-  average cost of defense in claims resulting in no payment

Total number of MICA lawsuits: 7

Number (and percentage) settled without payment: 3 (43%)
 Number (and percentage) settled with payment: 4 (57%)
 Average settlement: \$62,500
 Average cost of defense in cases resulting in no payment: \$3,842
 Average cost of defense in cases resulting in payment: \$40,892

Total number of MICA claims: 7

Number (and percentage) settled without payment: 1 (14%)
 Number (and percentage) settled with payment: 6 (86%)
 Average settlement: \$2,500
 Average cost of defense in cases resulting in no payment: \$2,295
 Average cost of defense in cases resulting in payment: \$204

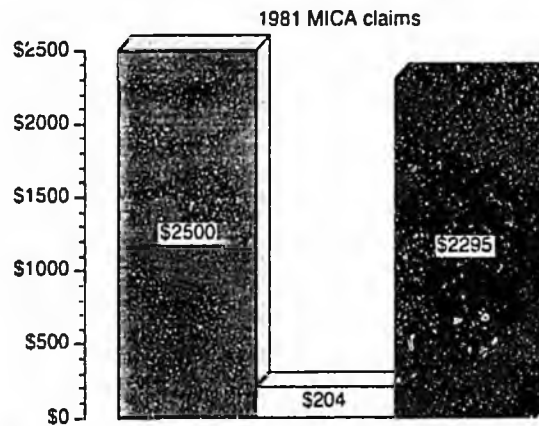
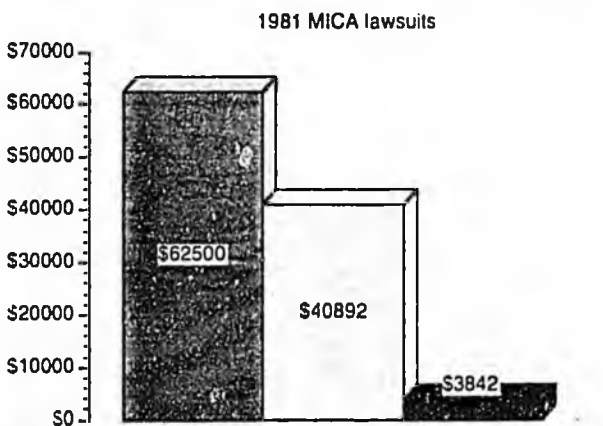
43% of all 1981 MICA lawsuits settled without payment



14% of all 1981 MICA claims settled without payment



Cost of defending suits & claims as compared to settlements



- average lawsuit settlement in cases resulting in payment
- average cost of defense in lawsuits resulting in payment
- average cost of defense in lawsuits resulting in no payment

- average claim settlement in cases resulting in payment
- average cost of defense in claims resulting in payment
- average cost of defense in claims resulting in no payment

MIEC CLAIMS

1981

Total number of MIEC claims: 6

Number (and percentage) settled without payment: 5 (83%)

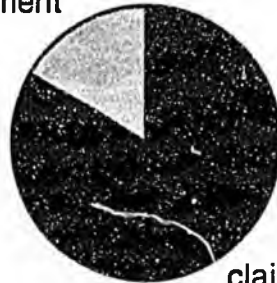
Number (and percentage) settled with payment: 1 (17%)

Average settlement: \$125,000

Average cost of defense in cases resulting in no payment: \$0

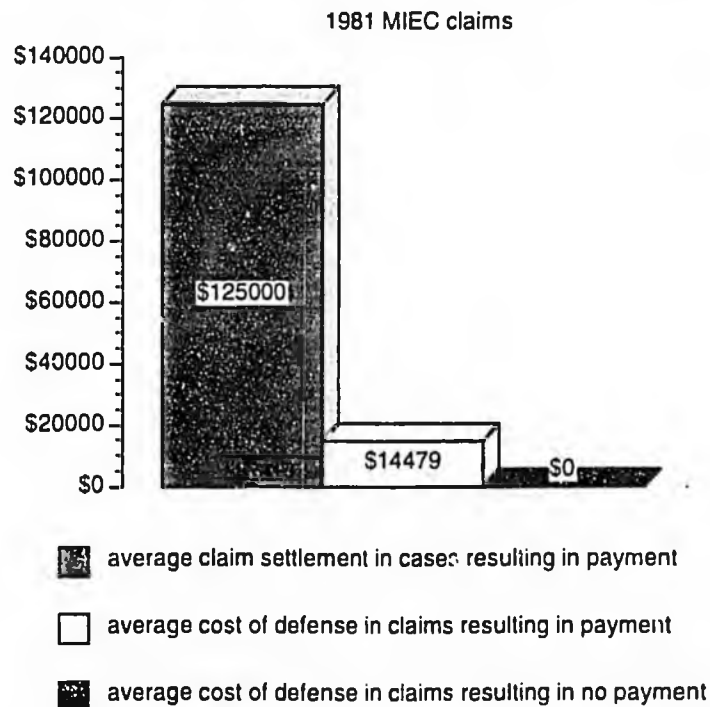
Average cost of defense in cases resulting in payment: \$14,479

83% of all 1981 MIEC claims settled without payment
claims settled with payment



claims settled without payment

Cost of defending claims as compared to settlements



Total number of MICA lawsuits: 20

Number (and percentage) settled without payment: 8 (40%)

Number (and percentage) settled with payment: 12 (60%)

Average settlement: \$82,469

Average cost of defense in cases resulting in no payment: \$4,695

Average cost of defense in cases resulting in payment: \$15,620

Total number of MICA claims: 5

Number (and percentage) settled without payment: 2 (40%)

Number (and percentage) settled with payment: 3 (60%)

Average settlement: \$63,722

Average cost of defense in cases resulting in no payment: \$3,588

Average cost of defense in cases resulting in payment: \$2,306

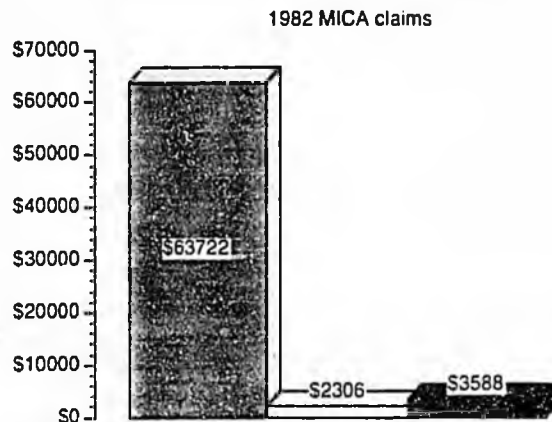
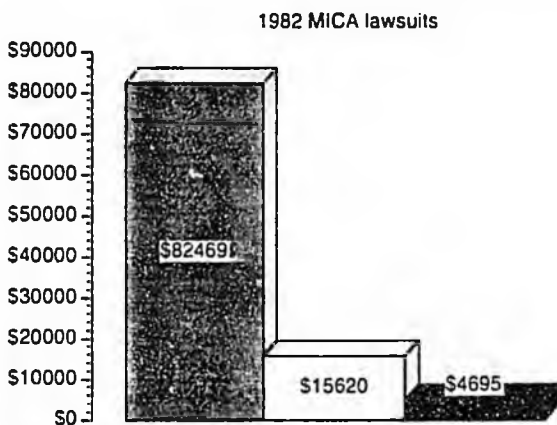
40% of all 1982 MICA lawsuits settled without payment



40% of all 1982 MICA claims settled without payment



Cost of defending suits & claims as compared to settlements



- average lawsuit settlement in cases resulting in payment
- average cost of defense in lawsuits resulting in payment
- average cost of defense in lawsuits resulting in no payment

- average claim settlement in cases resulting in payment
- average cost of defense in claims resulting in payment
- average cost of defense in claims resulting in no payment

MIEC CLAIMS

1982

Total number of MIEC claims: 11

Number (and percentage) settled without payment: 5 (45%)

Number (and percentage) settled with payment: 6 (55%)

Average settlement: \$518,652

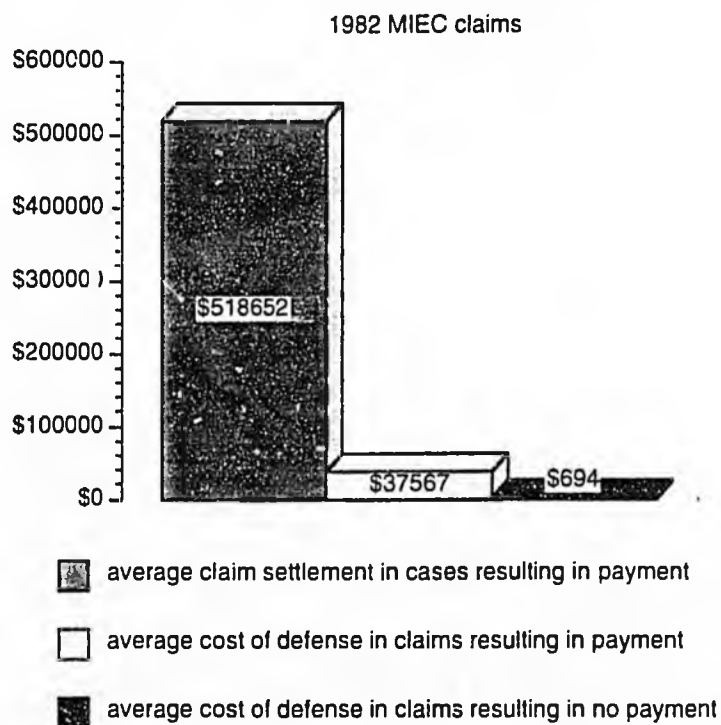
Average cost of defense in cases resulting in no payment: \$694

Average cost of defense in cases resulting in payment: \$37,567

45% of all 1982 MIEC claims settled without payment



Cost of defending claims as compared to settlements



1983

MICA LAWSUITS & CLAIMS

Total number of MICA lawsuits: 18

Number (and percentage) settled without payment: 10 (55%)

Number (and percentage) settled with payment: 8 (45%)

Average settlement: \$237,938

Average cost of defense in cases resulting in no payment: \$26,252

Average cost of defense in cases resulting in payment: \$28,538

Total number of MICA claims: 7

Number (and percentage) settled without payment: 4 (57%)

Number (and percentage) settled with payment: 3 (43%)

Average settlement: \$38,767

Average cost of defense in cases resulting in no payment: \$5,875

Average cost of defense in cases resulting in payment: \$4,244

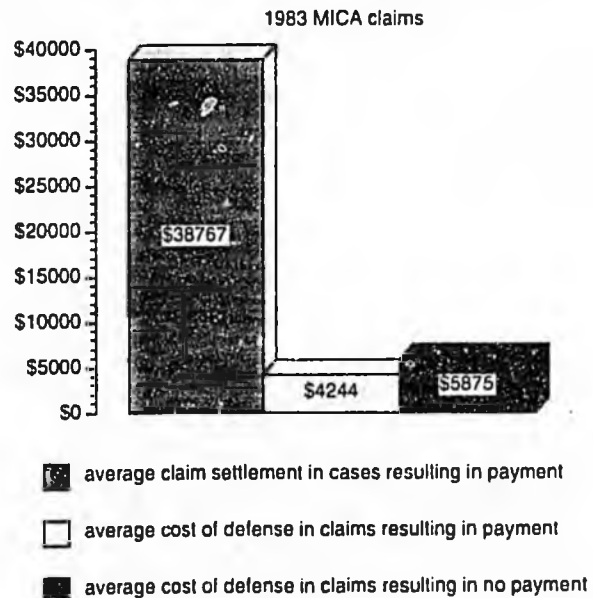
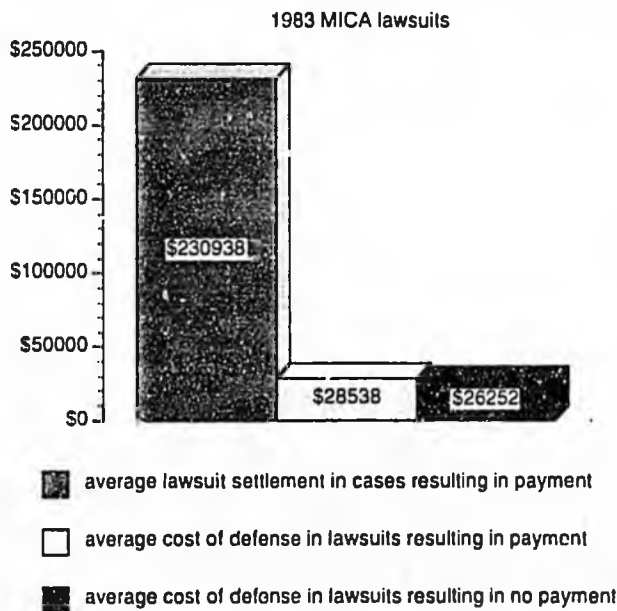
55% of all 1983 MICA lawsuits settled without payment



57% of all 1983 MICA claims settled without payment



Cost of defending suits & claims as compared to settlements



MIEC CLAIMS

1983

Total number of MIEC claims: 8

Number (and percentage) settled without payment: 6 (75%)

Number (and percentage) settled with payment: 2 (25%)

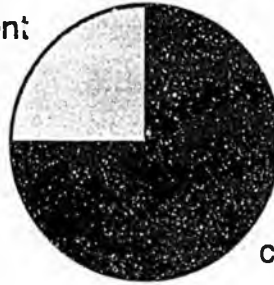
Average settlement: \$3,750

Average cost of defense in cases resulting in no payment: \$47,055

Average cost of defense in cases resulting in payment: \$5,973

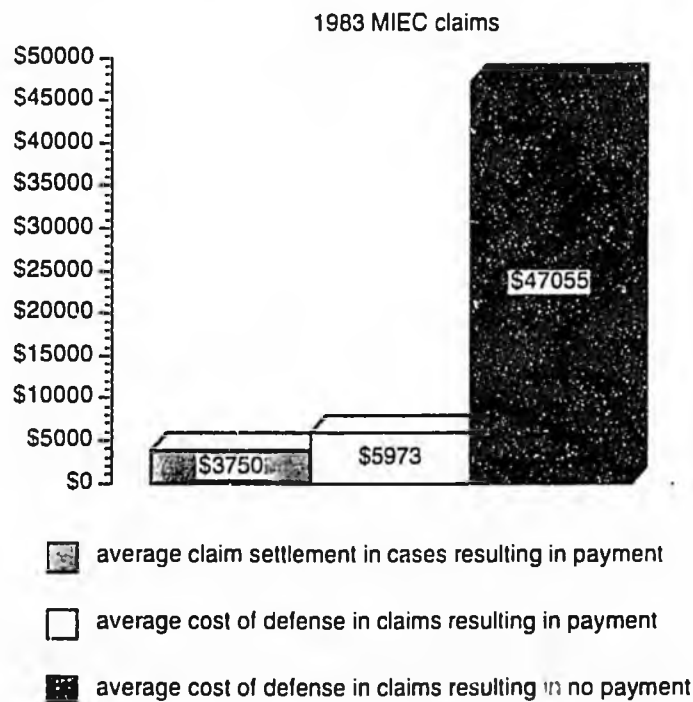
75% of all 1983 MIEC claims settled without payment

claims settled with payment



claims settled without payment

Cost of defending claims as compared to settlements



Total number of MICA lawsuits: 32

- Number (and percentage) settled without payment: 17 (53%)
- Number (and percentage) settled with payment: 15 (47%)
- Average settlement: \$326,607
- Average cost of defense in cases resulting in no payment: \$18,393
- Average cost of defense in cases resulting in payment: \$68,101

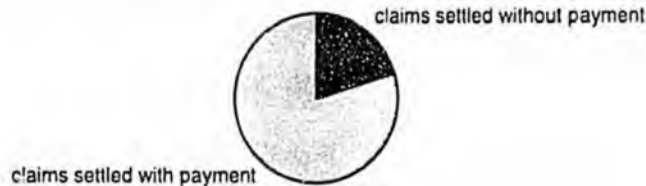
Total number of MICA claims: 10

- Number (and percentage) settled without payment: 2 (20%)
- Number (and percentage) settled with payment: 8 (80%)
- Average settlement: \$68,981
- Average cost of defense in cases resulting in no payment: \$740
- Average cost of defense in cases resulting in payment: \$1,973

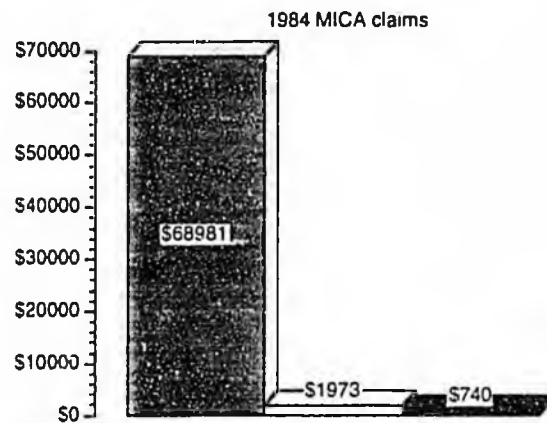
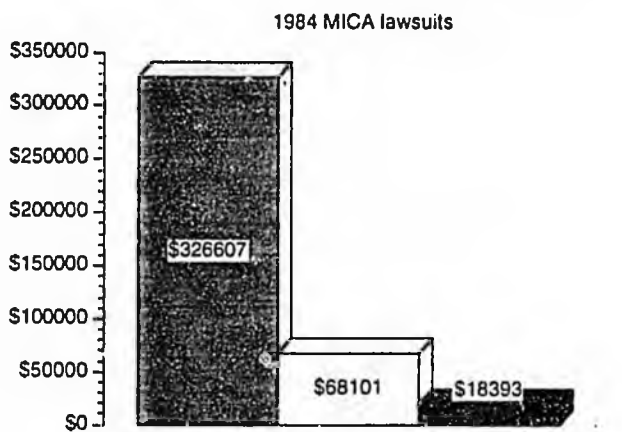
53% of all 1984 MICA lawsuits settled without payment



20% of all 1984 MICA claims settled without payment



Cost of defending suits & claims as compared to settlements



- average lawsuit settlement in cases resulting in payment
- average cost of defense in lawsuits resulting in payment
- average cost of defense in lawsuits resulting in no payment

- average claim settlement in cases resulting in payment
- average cost of defense in claims resulting in payment
- average cost of defense in claims resulting in no payment

Total number of MIEC claims: 13

Number (and percentage) settled without payment: 9 (69%)

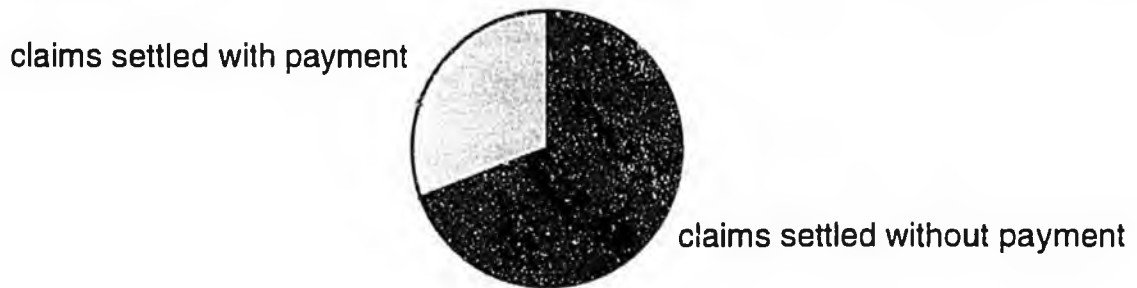
Number (and percentage) settled with payment: 4 (31%)

Average settlement: \$133,337

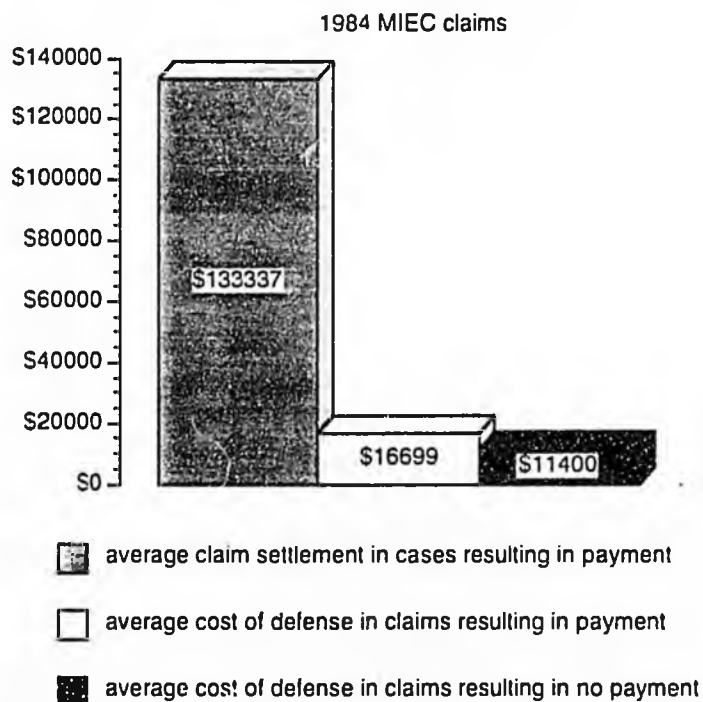
Average cost of defense in cases resulting in no payment: \$11,400

Average cost of defense in cases resulting in payment: \$16,699

69% of all 1984 MIEC claims settled without payment



Cost of defending claims as compared to settlements



Total number of MICA lawsuits: 32

Number (and percentage) settled without payment: 20 (63%)

Number (and percentage) settled with payment: 12 (37%)

Average settlement: \$499,950

Average cost of defense in cases resulting in no payment: \$4,449

Average cost of defense in cases resulting in payment: \$39,950

Total number of MICA claims: 29

Number (and percentage) settled without payment: 21 (72%)

Number (and percentage) settled with payment: 8 (28%)

Average settlement: \$126,672

Average cost of defense in cases resulting in no payment: \$705

Average cost of defense in cases resulting in payment: \$1,757

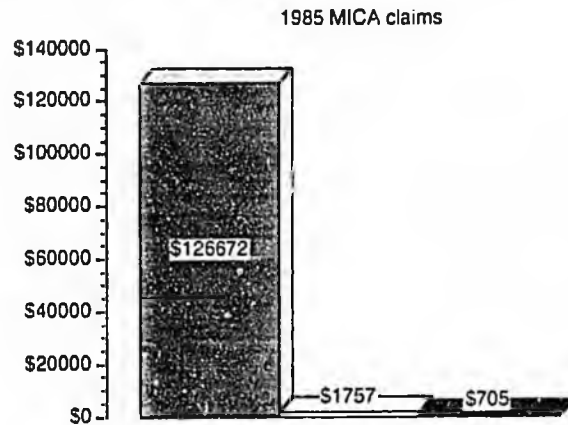
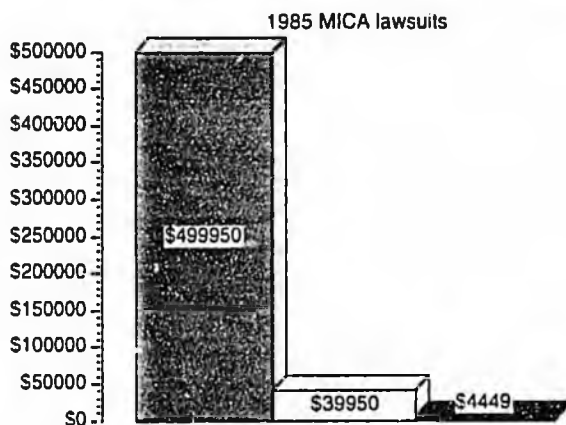
63% of all 1985 MICA lawsuits settled without payment



72% of all 1985 MICA claims settled without payment



Cost of defending suits & claims as compared to settlements



- average lawsuit settlement in cases resulting in payment
- average cost of defense in lawsuits resulting in payment
- average cost of defense in lawsuits resulting in no payment

- average claim settlement in cases resulting in payment
- average cost of defense in claims resulting in payment
- average cost of defense in claims resulting in no payment

MIEC CLAIMS

1985

Total number of MIEC claims: 60

Number (and percentage) settled without payment: 57 (95%)

Number (and percentage) settled with payment: 3 (5%)

Average settlement: \$58,831

Average cost of defense in cases resulting in no payment: \$867

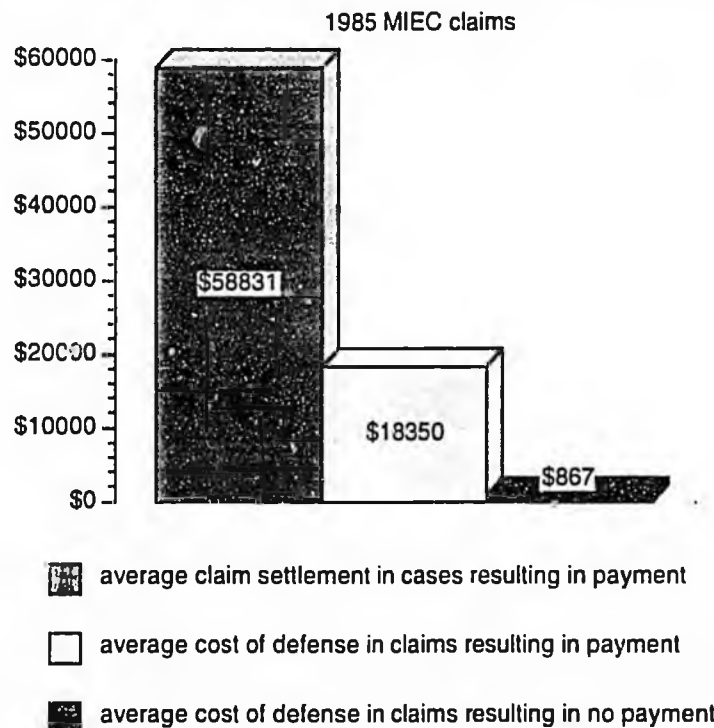
Average cost of defense in cases resulting in payment: \$18,350

95% of all 1985 MIEC claims settled without payment
claims settled with payment



claims settled without payment

Cost of defending claims as compared to settlements



Total number of MICA lawsuits: 22

- Number (and percentage) settled without payment: 12 (55%)
- Number (and percentage) settled with payment: 10 (45%)
- Average settlement: \$195,994
- Average cost of defense in cases resulting in no payment: \$3,904
- Average cost of defense in cases resulting in payment: \$46,737

Total number of MICA claims: 16

- Number (and percentage) settled without payment: 7 (44%)
- Number (and percentage) settled with payment: 9 (56%)
- Average settlement: \$71,822
- Average cost of defense in cases resulting in no payment: \$283
- Average cost of defense in cases resulting in payment: \$2,167

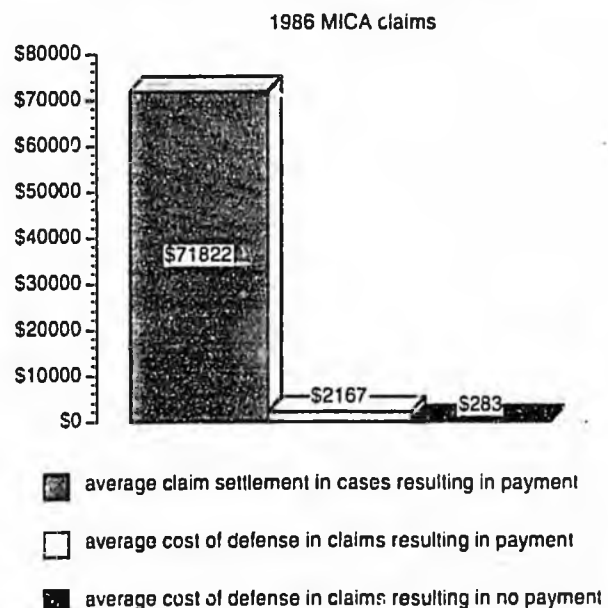
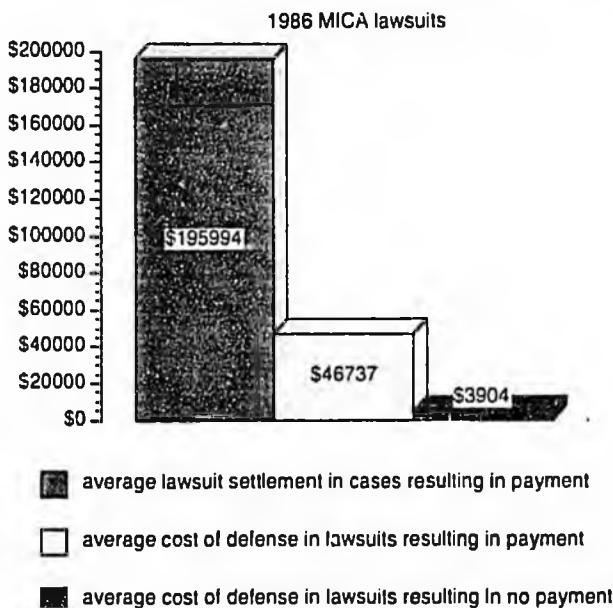
55% of all 1986 MICA lawsuits settled without payment



44% of all 1986 MICA claims settled without payment



Cost of defending suits & claims as compared to settlements



MIEC CLAIMS

1986

Total number of MIEC claims: 60

Number (and percentage) settled without payment: 58 (97%)

Number (and percentage) settled with payment: 2 (3%)

Average settlement: \$234,346

Average cost of defense in cases resulting in no payment: \$380

Average cost of defense in cases resulting in payment: \$73,133

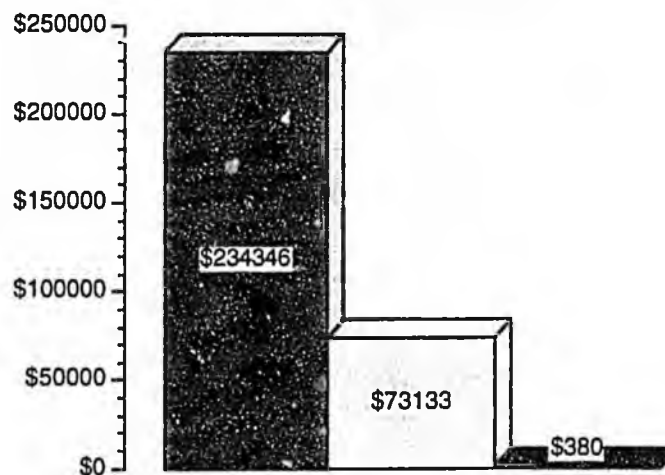
97% of all 1986 MIEC claims settled without payment
claims settled with payment



claims settled without payment

Cost of defending claims as compared to settlements

1986 MIEC claims



- average claim settlement in cases resulting in payment
- average cost of defense in claims resulting in payment
- average cost of defense in claims resulting in no payment

Total number of MICA lawsuits: 11

Number (and percentage) settled without payment: 8 (73%)

Number (and percentage) settled with payment: 3 (27%)

Average settlement: \$39,607

Average cost of defense in cases resulting in no payment: \$187

Average cost of defense in cases resulting in payment: \$12,781

Total number of MICA claims: 15

Number (and percentage) settled without payment: 11 (73%)

Number (and percentage) settled with payment: 4 (27%)

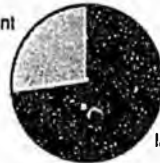
Average settlement: \$50,517

Average cost of defense in cases resulting in no payment: \$378

Average cost of defense in cases resulting in payment: \$5,435

73% of all 1987 MICA lawsuits settled without payment

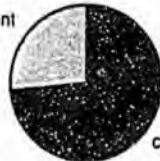
lawsuits settled with payment



lawsuits settled without payment

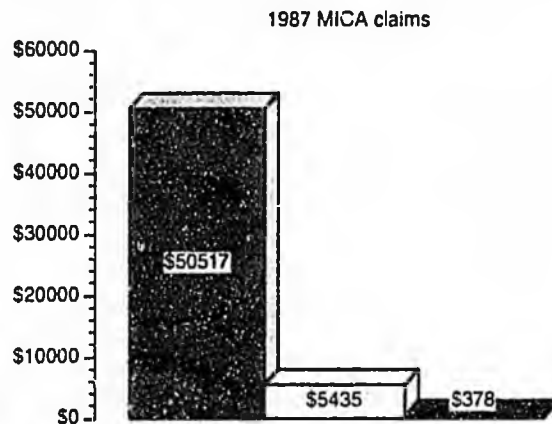
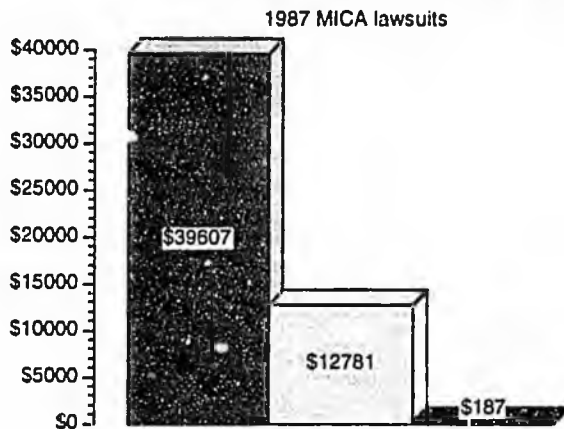
73% of all 1987 MICA claims settled without payment

claims settled with payment



claims settled without payment

Cost of defending suits & claims as compared to settlements



- average lawsuit settlement in cases resulting in payment
- average cost of defense in lawsuits resulting in payment
- average cost of defense in lawsuits resulting in no payment

- average claim settlement in cases resulting in payment
- average cost of defense in claims resulting in payment
- average cost of defense in claims resulting in no payment

MIEC CLAIMS

1987

Total number of MIEC claims: 17

Number (and percentage) settled without payment: 15 (88%)

Number (and percentage) settled with payment: 2 (12%)

Average settlement: \$213,175

Average cost of defense in cases resulting in no payment: \$402

Average cost of defense in cases resulting in payment: \$4,280

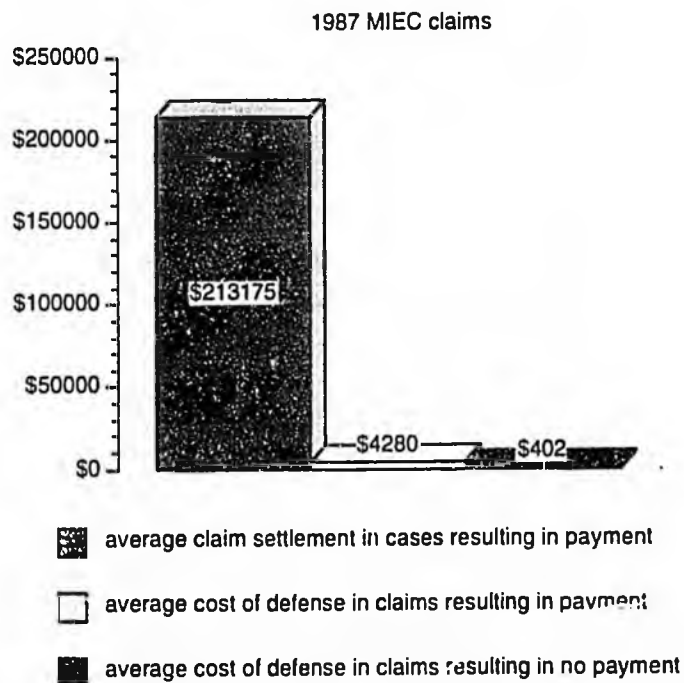
88% of all 1987 MIEC claims settled without payment

claims settled with payment



claims settled without payment

Cost of defending claims as compared to settlements



Total number of MICA lawsuits: 2

- Number (and percentage) settled without payment: 2 (100%)
- Number (and percentage) settled with payment: 0 (0%)
- Average settlement: \$0
- Average cost of defense in cases resulting in no payment: \$1,609
- Average cost of defense in cases resulting in payment: \$0

Total number of MICA claims: 11

- Number (and percentage) settled without payment: 8 (73%)
- Number (and percentage) settled with payment: 3 (27%)
- Average settlement: \$17,104
- Average cost of defense in cases resulting in no payment: \$39
- Average cost of defense in cases resulting in payment: \$1,586

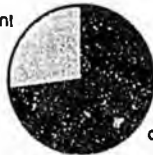
100% of all 1988 MICA lawsuits settled without payment



lawsuits settled without payment

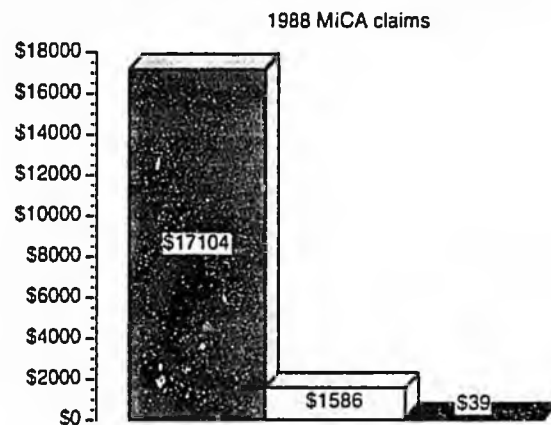
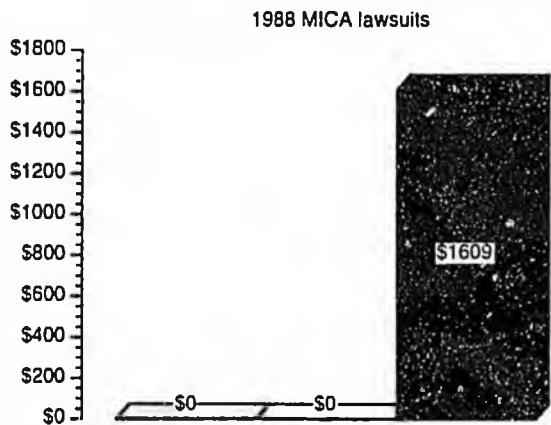
73% of all 1988 MICA claims settled without payment

claims settled with payment



claims settled without payment

Cost of defending suits & claims as compared to settlements



- average lawsuit settlement in cases resulting in payment
- average cost of defense in lawsuits resulting in payment
- average cost of defense in lawsuits resulting in no payment

- average claim settlement in cases resulting in payment
- average cost of defense in claims resulting in payment
- average cost of defense in claims resulting in no payment

Total number of MIEC claims: 3

Number (and percentage) settled without payment: 2 (67%)

Number (and percentage) settled with payment: 1 (33%)

Average settlement: \$5,000

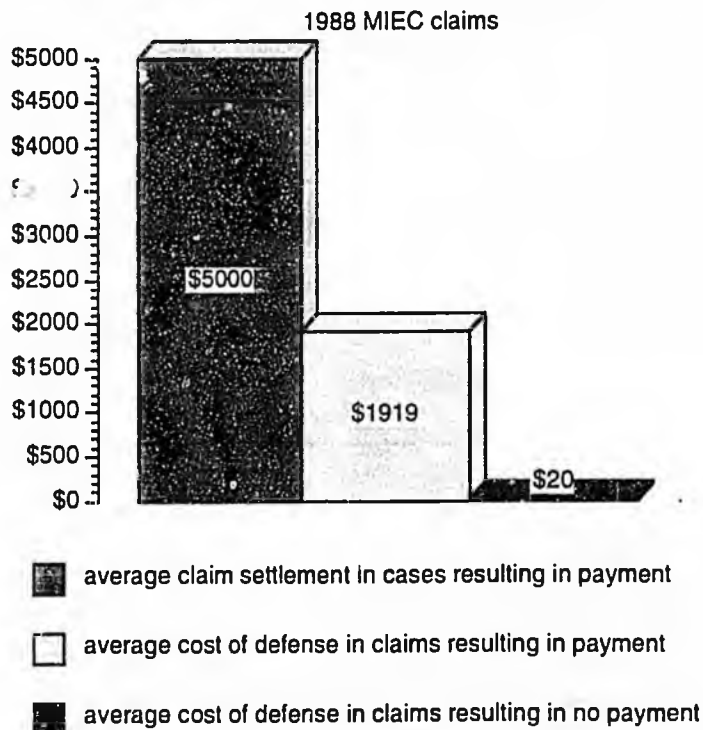
Average cost of defense in cases resulting in no payment: \$20

Average cost of defense in cases resulting in payment: \$1,191

67% of all 1988 MIEC claims settled without payment



Cost of defending claims as compared to settlements



Total number of MICA lawsuits: 0

- Number (and percentage) settled without payment:
- Number (and percentage) settled with payment:
- Average settlement:
- Average cost of defense in cases resulting in no payment:
- Average cost of defense in cases resulting in payment:

Total number of MICA claims: 3

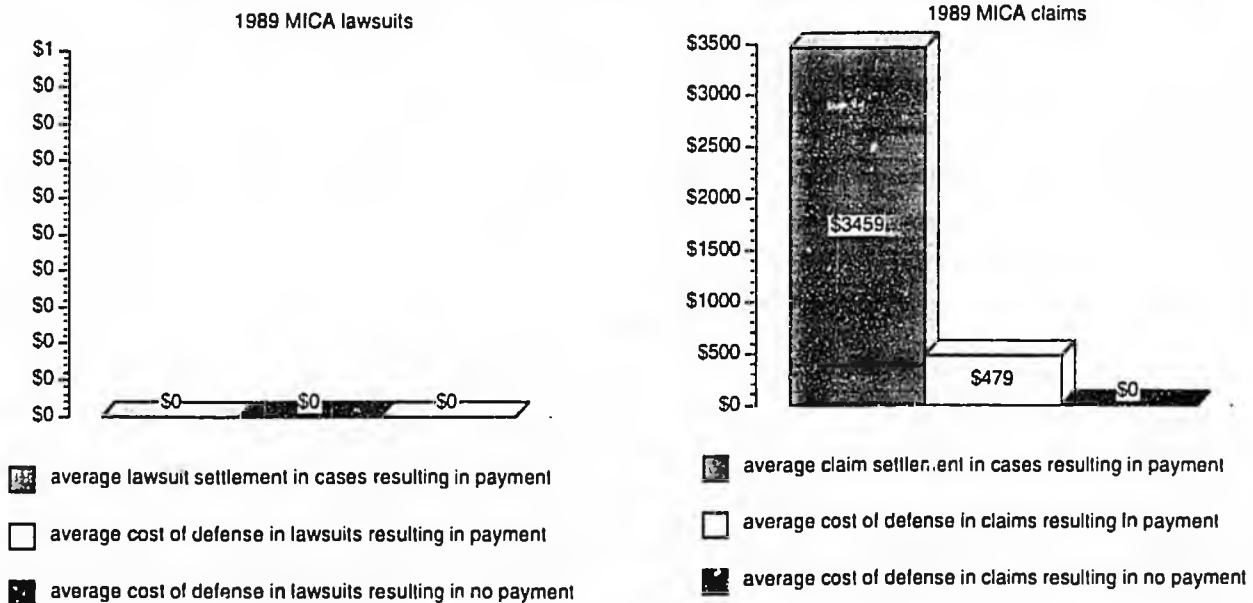
- Number (and percentage) settled without payment: 0 (0%)
- Number (and percentage) settled with payment: 3 (100%)
- Average settlement: \$3,459
- Average cost of defense in cases resulting in no payment: \$0
- Average cost of defense in cases resulting in payment: \$479

There were no 1989 MICA lawsuits reported settled

0% of all 1989 MICA claims settled without payment



Cost of defending suits & claims as compared to settlements



MIEC CLAIMS

1989

Total number of MIEC claims: 0 claims closed

No MIEC claims were closed in 1989.

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APPENDIX A

ALASKA STATUTE SUPPLEMENT

CHAPTER 64 MEDICINE

SECTION 2

as a marital and family therapist in this state is guilty of a class B misdemeanor. (§ 1 ch 129 SLA 1992)

Sec. 08.83.900. Definitions. In this chapter, unless the context indicates otherwise,

(1) "advertise" includes issuing or causing to be distributed a card, sign, or device to a person, or causing, permitting, or allowing a sign or marking on or in a building or structure, or in a newspaper, magazine, or directory, or on radio or television, or using other means designed to secure public attention;

(2) "board" means the Board of Marital and Family Therapy;

(3) "course" means a class of at least three credit hours in a graduate program at an accredited educational institution or an institution approved by the board;

(4) "department" means the Department of Commerce and Economic Development;

(5) "practice of marital and family therapy" means the diagnosis and treatment of mental and emotional disorders that are referenced in the standard diagnostic nomenclature for marital and family therapy, whether cognitive, affective, or behavioral, within the context of human relationships, particularly marital and family systems; marital and family therapy involves

(A) the professional application of assessments and treatments of psychotherapeutic services to individuals, couples, and families for the purpose of treating the diagnosed emotional and mental disorders;

(B) an applied understanding of the dynamics of marital and family interactions, along with the application of psychotherapeutic and counseling techniques for the purpose of resolving intrapersonal and interpersonal conflict and changing perceptions, attitudes, and behaviors in the area of human relationships and family life;

(6) "supervision" means face-to-face consultation, direction, review, evaluation, and assessment of the practice of the person being supervised, including direct observation and the review of case presentations, audio tapes, and video tapes. (§ 1 ch 129 SLA 1992)

Chapter 64. Medicine.

Article

1. State Medical Board (§§ 08.64.101, 08.64.107)
2. Licensing (§§ 08.64.170, 08.64.360, 08.64.362)
3. Miscellaneous Provisions (§§ 08.64.366, 08.64.369)
4. General Provisions (§§ 08.64.370, 08.64.380)

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APPENDIX B

ALASKA STATUTE SUPPLEMENT

CHAPTER 10 LIMITATIONS OF ACTIONS

SECTION 3

SECTION 4

SECTION 5

SECTION 6

Chapter 10. Limitations of Actions.

Section

60. Actions to be brought in three years
140. Disabilities of minority and incompetency

Section

240. Commencement of action after dismissal or reversal

Sec. 09.10.010. General limitations on civil actions.

NOTES TO DECISIONS

Quoted in *Pedersen v. Zielski*, 822 P.2d 903 (Alaska 1991).

Sec. 09.10.030. Actions to recover real property in 10 years.

NOTES TO DECISIONS

- I. General Consideration.
- II. Adverse Possession.
 - A. Generally.
 - F. Hostile Possession.

I. GENERAL CONSIDERATION.

When the land claimed is not the land described in the deed, the doctrine of color of title does not apply and the 10-year period of this section must be met. *Hubbard v. Curtiss*, 684 P.2d 842 (Alaska 1984).

Right to trial by jury. — Whether the plaintiff is in possession of the disputed property at the time of the filing of the claim for a prescriptive easement under this section is not determinative of the question of whether the claim is treated as a legal or equitable one, which prevents a party who seizes possession of disputed property from gaining the right to a jury trial. *McGill v. Wahl*, 839 P.2d 393 (Alaska 1992).

Applied in *Swift v. Darrell & Marjorie Kniffen, Fairhill, Inc.*, 706 P.2d 296 (Alaska 1985).

Quoted in *Ault v. State*, 688 P.2d 951 (Alaska 1984).

Stated in *Smith v. Krebs*, 768 P.2d 124 (Alaska 1989).

Cited in *Carter v. Hoblit*, 755 P.2d 1084 (Alaska 1988).

II. ADVERSE POSSESSION.

A. Generally.

Elements required under AS 09.25.050 and this section.

In order to acquire title by adverse pos-

session, the claimant must prove, by clear and convincing evidence, that for the statutory period his use of the land was continuous, open and notorious, exclusive and hostile to the true owner. *Nome 2000 v. Fagerstrom*, 799 P.2d 304 (Alaska 1990).

When title vests. — Title automatically vests in the adverse possessor at the end of the statutory period. *Hubbard v. Curtiss*, 684 P.2d 842 (Alaska 1984).

Adverse possessions may be tacked.

Successive adverse possessors may tack their periods of possession together to satisfy the statutory duration requirements, if privity exists between them. *Hubbard v. Curtiss*, 684 P.2d 842 (Alaska 1986).

Adverse possessors could tack the possession of their predecessors to their own possession where the predecessors took possession of the disputed property in March of 1967 after their mistaken purchase of another parcel from the true owner and the adverse possessors remained in continuous adverse possession until agents for the true owner actually rented the house and the tenant they procured moved into it in June, 1977. *Hubbard v. Curtiss*, 684 P.2d 842 (Alaska 1984).

When privity created. — Privity is created when circumstances surrounding a conveyance of land show that the grantor intended to transfer possession of

the land not described in the deed and the grantee does, in fact, take possession of that land. *Hubbard v. Curtiss*, 684 P.2d 842 (Alaska 1984).

Claim by prescription.

The requirements to establish a prescriptive easement are the same as those for making a claim of adverse possession, and the required period of adverse use is ten years. *McGill v. Wahl*, 839 P.2d 393 (Alaska 1992).

This section establishes a time limit during which an action to recover real property may be maintained, constitutes the method by which a claimant may establish title through adverse possession, and constitutes a method for establishing an easement through prescription; thus a party claiming a prescriptive easement need not bring an action as either an ac-

tion to quiet title, AS 09.45.010, or an ejectment, AS 09.45.630. *McGill v. Wahl*, 839 P.2d 393 (Alaska 1992).

F. Hostile Possession.

Mistake in deed's description. — Mistake in description on the deed conveyed the true owner did not prevent the possession from being adverse to her. *Hubbard v. Curtiss*, 684 P.2d 842 (Alaska 1984).

Acquiring record title, after good title acquired by adverse possession. — Adverse possessors did not destroy the adversity of their possession by acquiring record title to the lot because their record title was not good as against previous title based on adverse possession. *Hubbard v. Curtiss*, 684 P.2d 842 (Alaska 1984).

Sec. 09.10.040. Action upon judgment or sealed instrument in 10 years.

NOTES TO DECISIONS

Section applicable to property settlement agreement. — When the parties incorporate a property settlement agreement into a divorce decree, the applicable statute of limitations is that of this section, not AS 9.10.50, the statute of limita-

tions controlling contracts. *Lantz v. Lantz*, 845 P.2d 429 (1993).

Stated in *Cedergreen v. Cedergreen*, 811 P.2d 784 (Alaska 1991).

Cited in *Carman v. Prudential Ins. Co. of Am.*, 748 P.2d 743 (Alaska 1988).

Sec. 09.10.050. Actions to be brought in six years.

NOTES TO DECISIONS

Divorce property settlement agreement. — When the parties incorporate a property settlement agreement into a divorce decree, the applicable statute of limitations is that of AS 9.10.040, not this section, the statute of limitations controlling contracts. *Lantz v. Lantz*, 845 P.2d 429 (1993).

Breach of collective bargaining agreement. — A claim based upon plaintiff's failure to be paid at a rate commensurate with the work he was doing and upon violation of AS 23.05.140(b), as to payment of wages on termination of employment, is not strictly or solely an action for liability upon a statute, but may be construed to state a cause of action for breach of the collective bargaining agreement. As such, it is controlled by the six-year statute of limitations for contract actions (this section), and the superior court

erred in dismissing the count based upon the running of the two-year statute of limitations for actions based upon a statute, AS 09.10.070(3). *Reed v. Municipality of Anchorage*, 741 P.2d 1181 (Alaska 1987).

Misrepresentation and negligence.

Where a client sued his attorney for malpractice, claiming that the attorney expressly promised to move his case to trial expeditiously and to keep him informed, the essence of the claim was in contract, and the contract limitations period of this section applied. *Jones v. Wadsworth*, 791 P.2d 1013 (Alaska 1990).

Monthly breach of continuity contract. — A failure to make monthly payments in a contract which requires continuing performance results in a new breach every month, and the limitations period runs against each monthly right of action separately, where there is no evidence of

conduct by the defendant which rises above mere noncompliance with contractual obligations, and the defendant thus fails to repudiate the agreement by his conduct. Trustees for Alaska Laborers-Construction Indus. Health & Sec. Fund v. Ferrell, 812 F.2d 512 (9th Cir. 1987).

Breach of retirement fund agreement. — This section governs where plaintiff trustees allege that defendant, as a successor employer, is bound by a compliance agreement which he breached by failing to make the required contributions to the Alaska Laborer Fund and the action is brought under the Employee Retirement Income Security Act, 29 U.S.C. § 1132. Trustees for Alaska Laborers-Construction Indus. Health & Sec. Fund v. Ferrell, 812 F.2d 512 (9th Cir. 1987).

Actions against corporate directors for breach of fiduciary duty sound in contract, and are governed by the six-year statute. Bibo v. Jeffrey's Restaurant, 770 P.2d 290 (Alaska 1989).

Actions for breach of a fiduciary duty arising out of professional service relationships which primarily involve economic injury, because the duty allegedly breached does in part arise from the contract, are governed by this section and not AS 09.10.070. Lee Houston & Assocs. v. Racine, 806 P.2d 848 (Alaska 1991).

Presumption of death of insured. — Where an insurance beneficiary relies upon the statutory presumption of death arising from the insured's disappearance, the applicable six-year statute of limitations period for actions on contracts begins to run on the date the presumptive death period expires. Moreover, it is reasonable to presume a demand for payment under the policy and an immediate rejection by the insurer on the date the presumptive death period expires. Carman v. Prudential Ins. Co. of Am., 748 P.2d 743 (Alaska 1988).

Mining claims. — Plaintiffs' claims of intentional dilution of ore and unworkmanlike mining arose out of alleged injuries to plaintiffs' personal and real prop-

erty, and were governed by this section, not AS 09.10.070, which deals with tort claims. McKibben v. Mohawk Oil Co., 667 P.2d 1223 (Alaska 1983).

"Injuring personal property". — The phrase "injuring personal property" incorporates actions for injury to tangible personal property; and, therefore, this section is applicable to a plaintiff's strict liability and negligence claims. Kodiak Elec. Ass'n v. Delaval Turbine, Inc., 694 P.2d 150 (Alaska 1984).

Denial of staff privileges at hospital. — Where medical doctor was denied renewal of his staff privileges at hospital, his claim arose out of his contractual relationship with the hospital defendant, and this section was the appropriate statute of limitations, not the 30 or 90 day limitation for administrative decisions and arbitration. Eufemio v. Kodiak Island Hosp., 837 P.2d 95 (Alaska 1992).

When section does not apply. — Where workers' compensation insurance carrier paid benefits to employee and became subrogated by operation of law to employee's rights against alleged tort-feasor, carrier could claim no right to common-law implied indemnity since it had no preexisting legal relationship with alleged tort-feasor; thus, six-year statute of limitations did not apply. Providence Wash. Ins. Co. v. DeHavilland Aircraft Co., 699 P.2d 355 (Alaska 1985).

Applied in Braham v. Fuiler, 728 P.2d 641 (Alaska 1986); Etalook v. Exxon Pipeline Co., 831 F.2d 1440 (9th Cir. 1987).

Quoted in St. Paul Fire & Marine Ins. Co. v. Sauer Elec., Inc., 649 F. Supp. 959 (D. Alaska 1986); Estes v. Alaska Ins. Guar. Ass'n, 774 P.2d 1315 (Alaska 1989).

Stated in Cedergreen v. Cedergreen, 811 P.2d 784 (Alaska 1991).

Cited in Gratrix v. Pine Tree, Inc., 677 P.2d 1264 (Alaska 1984); City of Valdez v. Copper Valley Elec. Ass'n, 740 P.2d 462 (Alaska 1987); Wettanen v. Cowper, 749 P.2d 362 (Alaska 1988); Jenkins v. Daniels, 751 P.2d 19 (Alaska 1988).

Sec. 09.10.055. Certain actions relating to construction in six years.

NOTES TO DECISIONS

Section violates equal protection clause of Alaska Constitution because

it bears no substantial relationship between exempting design professionals

from liability, shifting liability for defective design and construction to owners and material suppliers, and the goal of encouraging construction. *Turner Constr. Co. v. Scales*, 752 P.2d 467 (Alaska 1988).

Sec. 09.10.060. Actions to be brought in three years. (a) No person may bring an action against a peace officer or coroner upon a liability incurred by the doing of an act in an official capacity or by the omission of an official duty, including the nonpayment of money collected upon an execution, unless brought within three years. This section does not apply to an action for an escape.

(b) No person may bring an action upon a statute for penalty or forfeiture where the action is given to the party aggrieved or to that party and the state unless brought within three years, except where the statute imposing it prescribes a different limitation.

(c) A person who was the victim of sexual abuse may not maintain an action for recovery of damages against the perpetrator of the act or acts of sexual abuse based on the perpetrator's intentional conduct for an injury or condition suffered as a result of the sexual abuse unless commenced within three years. In this subsection, "sexual abuse" means an act committed by the defendant against the plaintiff maintaining the cause of action if the defendant's conduct would have violated a provision of AS 11.41.410 — 11.41.440 or 11.41.450 — 11.41.455 at the time it was committed. (§ 1.06 ch 101 SLA 1962; am § 1 ch 4 SLA 1990)

Effect of amendments. — The 1990 amendment, effective February 2, 1990, added subsection (c).

NOTES TO DECISIONS

Abuse of process and false imprisonment. — In the case of a complaint against city police officers for abuse of process, false arrest (imprisonment) and a violation of civil rights under 42 U.S.C. § 1983, this section applied to the actions for abuse of process and false arrest (imprisonment), and AS 09.10.070 applied to the action for an alleged civil rights violation. *Jenkins v. Daniels*, 751 P.2d 19 (Alaska 1988).
Cited in *Farmer v. State*, 788 P.2d 43 (Alaska 1990).

Sec. 09.10.070. Actions to be brought in two years.

NOTES TO DECISIONS

- I. General Consideration.
- II. Torts.
 - A. Generally.
 - C. Misrepresentation and Negligence.
 - D. Libel.

IV. *Other Statutory Liability.*V. *Procedure.*A. *Generally.*B. *Tolling Statute.*L. **GENERAL CONSIDERATION.**

Action for interference with contract rights. — Alleged acts of interference with contract rights were one-time occurrences, even though they might have continuing consequences; in determining the time from which the period of limitations is measured, such acts were not analogous to a continuing trespass or nuisance, where repeated and continued tortious acts are committed. *Blake v. Gilbert*, 702 P.2d 631 (Alaska 1985), overruled on other grounds, *Bibo v. Jeffrey's Restaurant*, 770 P.2d 290 (Alaska 1989).

Suit for breach of implied duty in construction contract. — This section was applicable to a suit against an electrical contractor alleging breach of an implied duty to perform a restaurant construction contract in a workmanlike manner. *St. Paul Fire & Marine Ins. Co. v. Sauer Elec., Inc.*, 648 F. Supp. 959 (D. Alaska 1986).

Actions for breach of a fiduciary duty arising out of professional service relationships which primarily involve economic injury, because the duty allegedly breached does in part arise from the contract, are governed by AS 09.10.050 and not this section. *Lee Houston & Assocs. v. Racine*, 806 P.2d 848 (Alaska 1991).

Action under federal Civil Rights Act. — Statute of limitations for a civil rights action by a state employee challenging his discharge is two years, since, if *Wilson v. Garcia*, 471 U.S. 261, 105 S. Ct. 1938, 85 L. Ed. 2d 254 (1985), is applied retroactively, the applicable period would be the two-year period for personal injury actions, and, if it is not applied retroactively, the applicable period would be the two-year period governing actions founded on a liability created by statute. *DeNardo v. Murphy*, 781 F.2d 1345 (9th Cir.), appeal dismissed and cert. denied, 476 U.S. 1111, 106 S. Ct. 1962, 90 L. Ed. 2d 648 (1986).

In the case of a complaint against city police officers for abuse of process, false arrest (imprisonment) and a violation of civil rights under 42 U.S.C. § 1983, AS 09.10.060 applied to the actions for abuse of process and false arrest (imprisonment), and this section applied to the action for an alleged civil rights violation.

Jenkins v. Daniels, 751 P.2d 19 (Alaska 1988).

Applied in *Kodiak Elec. Ass'n v. Delaval Turbine, Inc.*, 694 P.2d 150 (Alaska 1984); *Hazen v. Municipality of Anchorage*, 718 P.2d 456 (Alaska 1986); *Demoski v. New*, 737 P.2d 780 (Alaska 1987); *In re Glacier Bay*, 746 F. Supp. 1379 (D. Alaska 1990).

Quoted in *Bibo v. Jeffrey's Restaurant*, 770 P.2d 290 (Alaska 1989); *Jones v. Wadsworth*, 791 P.2d 1013 (Alaska 1990); *Lord v. Fogcutter Bar & Stacy Cap*, 813 P.2d 660 (Alaska 1991); *Pedersen v. Zielski*, 822 P.2d 903 (Alaska 1991).

Cited in *City of Valdez v. Copper Valley Elec. Ass'n*, 740 P.2d 462 (Alaska 1987); *Evron v. Gilo*, 777 P.2d 182 (Alaska 1989); *Cameron v. State*, 822 P.2d 1362 (Alaska 1991); *Hernandez-Robaina v. State*, 849 P.2d 783 (1993).

II. **TORTS.**A. **Generally.**

This section is generally considered, etc.

By its own terms, this section extends to, but not beyond, personal torts unless the action is for an injury to the "rights of another not arising on contract and not specifically provided for otherwise." Thus, for claims that do not involve personal, reputational or dignitary injury, the right(s) allegedly infringed upon must "not aris[e] on contract." *Lee Houston & Assocs. v. Racine*, 806 P.2d 848 (Alaska 1991).

Construed with tolling statutes. — In a products liability action, neither three days' bedrest necessitated by plaintiff's injuries nor plaintiff's incarceration approximately one year after the accident in question tolled the statute of limitations. Thus plaintiff's complaint, filed two years and one day after plaintiff sustained injuries, was not timely filed. *Yurioff v. American Honda Motor Co. & Port Lions Community Store*, 803 P.2d 356 (Alaska 1990).

Sex discrimination. — Plaintiff's federal and state law discrimination claims against the municipality were barred by Alaska's two-year tort statute of limitations since the statute of limitations began to run in 1983, when the municipality denied plaintiff admission to the po-