

ALASKA LEGISLATIVE COMMITTEES, 2009-2010  
11913 SENATE LABOR & COMMERCE

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 1/2 St., Rm. 329

## MEMORANDUM

April 18, 2005

**SUBJECT:** Sectional Analysis of SB 165, relating to Card Rooms  
(Work Order No. 24-LS0767\Y)

**TO:** Senator John Cowdery  
Attn: Ryan Makinster

**FROM:** Kathryn L. Kurtz *KL*  
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Intent language.

Section 2. Adds a new chapter providing for the regulation of card rooms.

### **Article 1. Card Games and Card Rooms.**

**Sec. 05.18.010.** Notwithstanding the state laws criminalizing gambling, permits the operation of a card room by a licensed owner in accordance with the chapter. Permits the playing of non-banking poker, pan, rummy, bridge, and cribbage games in card rooms.

**Sec. 05.18.020.** Gives employees of the department of revenue the right to be present in a card room.

**Sec. 05.18.030.** Permits wagering on card games, under regulations adopted by the department. Limits wagering to those present in the room, prohibits wagering using negotiable currency, requires the purchase of tokens or chips from the owner of the card room.

**Sec. 05.18.040.** Prohibits persons under 21 years of age from being in card rooms, and from wagering on card games in card rooms.

*Sectional*

**Article 2. Administration.**

**Sec. 05.18.110.** Authorizes and requires the department of revenue to administer and enforce the chapter.

**Sec. 05.18.120.** Requires the department to collect license fees, and to penalize non-criminal violations of the chapter. Gives the department access to premises held by a licensed card room owner.

**Sec. 05.18.130.** Requires the department to adopt licensing standards for licenses related to card rooms, sets certain standards, and requires the department to obtain certain information from applicants. Provides for hearings for individuals aggrieved by department actions related to licensing.

**Sec. 05.18.140.** Requires governor to appoint a five member card room advisory board to make recommendations on policy and licensing to the department.

**Sec. 05.18.150.** Authorizes the department to impose penalties on licensees and suspend licenses for violations of the chapter.

**Sec. 05.18.160.** Provides a process for licensees to complain to the department about unnecessarily disruptive investigations of card operations.

**Sec. 05.18.170.** Provides a process for transfer of licenses.

**Sec. 05.18.180.** Provide for suspension of an owner's license for card room health or safety issues.

**Sec. 05.18.190.** Provides for public access to records relating to license applications and information licensees are required to provide.

**Article 3. Licenses.**

**Sec. 05.18.200.** Provides for the issuance of licenses to own a card room and conduct card games. Specifies information required on the application, the application fee, and disqualifications.

**Sec. 05.18.210.** Lists factors for the department to consider in evaluating an application for an owner's license.

**Sec. 05.18.220.** Specifies the annual per table license fee and the bond requirements for licensed owners.

**Sec. 05.18.230.** Requires licensed owners to hold quarterly card tournaments to benefit nonprofit educational institutions.

**Sec. 05.18.240.** Specifies that an owner's license has a five year term.

**Sec. 05.18.250.** Permits the department to revoke an owner's license if the licensee has begun regular operations more than 12 months after the license application is approved, if the department determines that revocation is in the best interests of the state.

**Sec. 05.18.260.** Permits an owner to renew an owner's license for an additional five year term, provided the requirements of the section have been met, the license fees paid, and the bond kept in force. Requires the department to conduct a complete investigation of the owner's compliance with the chapter every five years, and permits the department to investigate compliance at any time. Costs of investigations are to be borne by the licensed owner.

**Sec. 05.18.270.** Permits a licensed owner to operate a training school for occupational licensees.

**Sec. 05.18.280.** States that an owner's license is a revocable privilege and not a property right.

**Sec. 05.18.290.** Requires the department to identify the card room related occupations that are to be licensed under the chapter. Require that the department limit each occupational licensee to managing card operations for one licensed owner.

**Sec. 05.18.300.** Sets forth requirements for issuance of an occupational license; establishes two year validity of occupational license.

**Sec. 05.18.310.** Establishes minimum qualifications for an occupational license.

**Sec. 05.18.320.** Sets out the requirements for an application for an occupational license.

**Sec. 05.18.330.** Lists grounds for rejection of an application for an occupational license.

**Sec. 05.18.340.** Lists grounds for suspending, revoking, or restricting an occupational license.

**Sec. 05.18.350.** States that the chapter does not prohibit a licensed owner from contracting with a school approved by the department for the training of occupational licensees.

**Sec. 05.18.360.** Provides that training of occupational licensees may take place at a card room or a school.

Senator John Cowdery

April 18, 2005

Page 4

**Sec. 05.18.370.** Specifies that the department may issue an occupational license to a convicted felon, notwithstanding sec. 05.18.310, if the department determines that the individual has been rehabilitated, and outlines the criteria for making that determination.

**Article 4. Crimes.**

**Sec. 05.18.400.** Lists actions related to card rooms that constitute class A misdemeanors and class C felonies.

**Sec. 05.18.410.** Creates a presumption that a person possessing a cheating device intended to use that device.

**Article 5. General Provisions.**

**Sec. 05.18.500.** Creates the state gaming fund to receive all revenues from card room activities under the chapter.

**Sec. 05.18.900.** Definitions.

**Section 3.** Changes the definition of "gambling" in AS 11.66.280 for purposes of Alaska's criminal statutes to exclude card room activities authorized under AS 05.18.

**Section 4.** Provides that the office of administrative hearings shall conduct all adjudicative administrative hearings required under AS 05.18.

KLK:med  
05-266.med

11 April 2005

Robin A Miller  
2511 Eleusis Cr. #B  
Anchorage, Ak. 99502  
907-344-0006

Senator John Cowdery  
State Capitol Building  
Juneau Ak. 99801

RE: Senate Bill 165

Dear Senator Cowdery,

I am sending this as my support for Senate Bill 165. It will provide jobs and eliminate demand for law enforcement in this area. An added plus is the monies gain for employees, charities and the State of Alaska.

Sincerely,

*Robin A. Miller*  
Robin A. Miller

*Registered Voter*

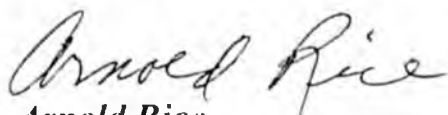
*April 9, 2005*

*Senator Steve Cowdery  
State Capital  
Juneau, AK 99801*

*Dear Sir;*

*I have lived in Alaska since 1951 and live in Anchorage. I would like to have the opportunity to play games in my home state not have to travel to Las Vegas and spend my Alaskan earned money in Nevada.*

*I would like to see card rooms in the state of Alaska, and most especially the city of Anchorage. Let's keep those dividend dollars at home!*



*Arnold Rice  
11841 Humble Court  
Anchorage, AK 99515  
907-344-8651*

Patty Thomasson Hurn  
1012 E. 9<sup>th</sup> Avenue  
Anchorage, AK 99501  
(907) 277-3001

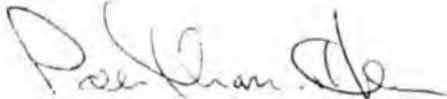
Senator John Cowdery  
State Capitol Building  
Juneau, AK 99801

Ref: Senate Bill 165

Dear Senator Cowdery,

I'm sending my support of your efforts to allow legal card rooms in Alaska. It will provide jobs in the private sector and also help end the demands on law enforcement to patrol "After Hours" clubs. No one can deny that there will always be card games. Although I don't play (don't know how), I have many friends who do and it would be great if they could participate in a good game in a legal establishment! The added benefit, of course, is the monetary gain for the employees, charities and the State of Alaska.

Sincerely,

A handwritten signature in cursive script, appearing to read "Patty Thomasson Hurn".

Patty Thomasson Hurn

# Mudbusters Carwash Co.

4/12/2005

Senator John Cowdery  
State Capitol Building  
Juneau, AK 99801

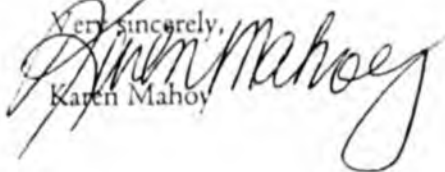
Dear Sir,

I am not a card player but, I think that Legal Card Rooms are good for Alaska and provide good paying jobs.

Thank you in advance for your attention to this.

Good luck and I hope that this passes.

Very sincerely,



Karen Mahoy

110 E. Herning Avenue

Wasilla, Alaska 99654

907-357-3400

907-357-3402 Fax

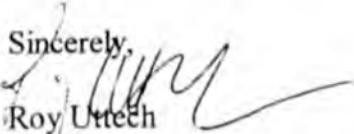
Senator John Cowdery  
State Capital Building  
Juneau, Alaska 99801

Dear Senator Cowdery,

I support your effort to make legal card rooms in Alaska. It would add to the excitement of our last frontier, encouraging tourists to come to our great land and support our communities based on the structure of the programs I read.

Thanks for your efforts

Sincerely,

  
Roy Utteeh

7650 Big Spruce Circle  
Anchorage, Alaska 99502

**DAMON JORGENSEN**  
300 Hermit St. #8  
Juneau, AK 99801  
906/463-4615

April 13, 2005

Senator John Cowdery, Chairman  
Senate Rules Committee  
State Capitol Building Rm. 101  
Juneau, AK 99801-1182

Dear Senator Cowdery:

I would like to write in support of SB 165 regarding the legalization of card rooms in Alaska.


Having observed the increase in the popularity of card games in recent history, it makes sense to allow the state of Alaska to participate in this lucrative pastime. It will bring revenue into the state from the nearly one million tourists who are already visiting Alaska, and will attract visitors who are now spending their money in Nevada and other states that allow this type of gaming.

I just read with interest the article in the Anchorage paper that reported that hundreds of Alaskans in the Mat-Su Valley are currently playing Texas Hold'em weekly for no cash at all. With the popularity of on-line cards games and TV programs relating to poker, now would seem the perfect time for Alaska to become involved with this lucrative pastime.

In addition to the revenue SB 165 would bring to state coffers, I would assume that many jobs would be created by this new industry. With legal card rooms operating, savings could also be realized by communities in which safety officers are currently spending time policing illicit activities which surround illegal card rooms.

Thank you for introducing SB 165 and your support for legal card rooms in Alaska.

Sincerely,

  
Damon Jorgensen

SENATOR  
JOHN J. COWDERY

Anchorage

Committees

Chair: Rules

Chair: World Trade &

State/Federal Relations

Vice-Chair: Transportation

Legislative Council



Senate

January – May:  
State Capitol, Suite 101  
Juneau, Alaska 99801 – 1182  
Tel: 907-465-3679  
Toll Free: 888-269-3879  
Fax: 907-465-2069

May – December:  
716 W. 4<sup>th</sup> Avenue  
Anchorage, Alaska 99501  
Tel: 907-269-0222  
Fax: 907-269-0223

Senator\_John\_Cowdery@legis.state.ak.us

**SB 165 – An Act Relating to Card Rooms and Card Operations**  
**Sponsor's Statement**

Currently the citizens of Alaska can wager on poker, rummy, bridge, cribbage and many other card games at home without being in violation of the law. The intent of SB 165 is to allow these same social games to also be played in a tightly controlled public environment.

The growing popularity of poker is obvious to anyone who has recently turned on his or her television. Many networks, from ESPN to the Travel Channel, are regularly televising Texas Hold 'em tournaments and enjoying sky rocketing ratings and subsequent advertising revenues. Men, woman, old and young are all joining the "poker" trend, which shows no signs of slowing.

As this popularity continues those seeking poker games will consistently seek out games legitimate or not. The state of Alaska is in the perfect situation to address the trend and bring this popular pastime into compliance with the safety and revenue laws of the state.

Under SB 165 card rooms would be limited to boroughs with a population of 30,000 or more and only one establishment per 30,000 people would be allowed with a limit of three per borough. These card rooms would also be limited to players 21 years of age or older and would only offer non-banked card games such as poker, cribbage, rummy, etc.

In addition to the taxable revenue generated by the card rooms, e.g. food and drink purchases and table charges, the establishments would also pay \$10,000 per table yearly to the state and would be required to hold quarterly tournaments to benefit a non-profit educational institution or group.

As part of the licensing procedure the card room operators would also be responsible for covering the administrative cost of licensing and subsequent enforcement through a \$25,000 application fee.

In addition to the revenue and job creation, regulated card rooms would fill one very necessary function in a society that embraces poker and other non banked card games; it allows for players to enjoy their hobby in a safe regulated environment rather than playing in an unsavory, and often unsafe "back room". Currently many players, in addition to their friendly home game, play in underground games where the "house" takes in large profits with little assurance of "fair" play. Although not an everyday occurrence, players at these games have in the past been held up at gunpoint with little recourse because of the shady and illegal nature of the game.

By recognizing this trend and the fact that we already allow this type gaming in our homes, Alaska can address the issue head on and make card games a legitimate, safe, social activity that will increase revenue and job opportunities while minimizing the negative effects of underground gambling.

April 8, 2005

24-LS0767\Y

**Sponsor Statement**

## SB 165 - "An Act relating to card rooms and card operations."

Possible gross sales & employee information for card room operations

\$4 Rake							
Tables	5	10	15	25	50	100	150
\$90/hr avg	\$450.00	\$900.00	\$1,350.00	\$2,250.00	\$4,500.00	\$9,000.00	\$13,500.00
9hrs/day avg table use	\$4,050.00	\$8,100.00	\$12,150.00	\$20,250.00	\$40,500.00	\$81,000.00	\$121,500.00
Yearly Gross Sales*	\$1,478,250.00	\$2,956,500.00	\$4,434,750.00	\$7,912,500.00	\$14,782,500.00	\$29,565,000.00	\$44,347,500.00

\*exclusive of non-card game operations

Avg # Employees Per Table	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Total Number of Employees	22.5	45	67.5	112.5	225	450	675

### Types of Employees

Dealer (Minimum Wage + Tips)	\$250-300/day *
Cashiers (part-time)	\$10/hr *
Janitorial/Maintenance	\$8/hr *
Security	\$10/hr *
Brushperson	\$10/hr *
Shift Manager	\$45,000/yr *
Card Room Manager	\$65,000/yr *

\*Plus Benefits

SENATOR  
JOHN J.  
COWDERY  
  
Anchorage



January - May:  
State Capitol, Suite 101  
Juneau, Alaska 99801 - 1182  
Tel: 907-465-3879  
Toll Free: 888-269-3879  
Fax: 907-465-2069

May - December:  
716 W. 4<sup>th</sup> Avenue  
Anchorage, Alaska 99501  
Tel: 907-269-0222  
Fax: 907-269-0223

**Committees**

Chair: Rules  
Chair: World Trade &  
State/Federal Relations  
Vice-Chair: Transportation  
Legislative Council

Senator\_John\_Cowdery@legis.state.ak

**To:** Senator Con Bunde, Chairman  
Senate Labor and Commerce Committee

**From:** Senator Cowdery

**Date:** 4/19/2005

**Re:** SB 165 - Change between SB165 Version Y and CS for SB 165 Version L

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**Sec. 05.18.030**

Adds "rake" to the title of the section.

Gives the Department the power to determine maximum rake for games played in card room.

Also removes minimum wager, so that department only decides maximum wager on games.

Adds provision that only players in a card game may place a wager related to that game.

**Sec. 05.18.200**

Changes licensing for card rooms. If population is lower than 30,000 people, a license may be issued only if an ordinance is adopted by the municipality and ratified by a vote of the people

Changes number of licensed facilities so that a population of 30-59,999 can have two facilities and a population of 60,000 or more can have a maximum of three card rooms.

**Sec. 05.18.210**

Removes "submission of design" from section title.

This has been removed because the section doesn't relate to design

**Sec. 05.18.900**

Under Definitions

Adds (13) "player" means an individual actively participating in a card game;

Adds (14) "rake" means a set fee or percentage of the total amount wagered by all players in a game in the course of that game.

Suzanne Mullen

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From: Joseph Koss [jkoss@gci.net]  
Sent: Tuesday, April 19, 2005 11:06 PM  
To: Sen. Don Bunde  
Subject: SB 165

This bill would legalize card rooms. I have no objection to legal gambling, but whom does this bill serve? Legal gambling in Alaska, since statehood, has been restricted to benefit the state, municipalities and not-for-profit organizations. Where is the benefit to the state? As nearly as I can figure, the bill, at best, is revenue neutral; at worst, it will cost more to administer than it will bring in. Why should the public pay so that Perry Green can play cards in his own casino? Where is the public benefit in that? This bill would result in a huge expansion of gambling in a state that has traditionally resisted such expansion. The one benefit I see to the bill is that it would recognize the reality of gambling and serve to reduce or eliminate the current illegal after-hours casinos--if not because of law enforcement interest in them, then because the now-legal card rooms would demand elimination of their illegal competition. So we legalize the card rooms, regulate them and tax them. If the program does not at least pay for itself, there is no public good to be derived from it. At least get some revenue out of it. I don't want Perry gambling with my money. Thank you.

Joseph Koss  
"Super" voter

**SB**

**168**

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

E: 4/11/05

FURTHER:

of 5-Day Notice: \_\_\_\_\_  
 (in accordance with Uniform Rule 23)

DATE TURNED  
 IN TO OFFICE: \_\_\_\_\_

and Commerce Committee considered SENATE BILL NO. 168

**SB 168 PROPERTY/CASUALTY INSURANCE REGULATION**

Act relating to insurance rate-making and form filing."

It recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

<b>CS Senate Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<b>SCS House Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Bettye Davis</i>	✓			
<i>Ben Stewart</i>	✓			
CHAIR: <i>A Beards</i>	✓			

2010

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 168  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title: Property/Casualty Insurance RDU: Insurance (116)  
Regulation Component: Insurance  
 Sponsor: Labor & Commerce  
 Requester: Senate Labor & Commerce Component No: 354

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation relates to insurance rate-making and form filing, and does not financially impact the operations of the division.

Prepared by: Linda S. Hall, Director Phone: 907.269.7900  
 Division: Insurance Date/Time: 4/14/05 8:07 PM  
 Approved by: Edgar Blatchford, Commissioner Date: 4/14/2005  
 Agency: Commerce, Community & Economic Development

## Summary of Alaska Senate Bill 168

### Prepared by Property Casualty Insurance Association of America

SB168 proposes the following changes to the current property and casualty rate and form review process:

#### **Flex-Rating**

- Insurers would have the option of submitting rate filings excluding medical malpractice, workers' compensation, mortgage guaranty and assigned risk rates under a flex-rating procedure (a 10% band) without prior approval. Rate changes outside of the flex band would still be subject to prior approval.
- Advisory organizations would not have the option of submitting filings under the flex-rating approach.
- Impaired or insolvent insurers operating under a rehabilitation plan, an order of supervision, or an impaired financial condition would be precluded from submitting filings under the flex-rating procedure.
- Insurers submitting a rate filing for a new product or coverage will be precluded from submitting filings under the flex-rating procedure.

#### **Form Filings**

- Insurers would have the option of submitting form filings under a file and use approach with a thirty-day waiting period. When an insurer chooses this option, a signed self-certification form from an authorized company officer or a state filings manager stating that the filing complies with Alaska statutes must be included with the form filing. However, the Director would still have the authority to disapprove any form violating Alaska statutes. Insurers will be able to continue to submit form filings under the current prior approval provisions.
- The bill includes specific monetary penalties for insurers submitting materially false or misleading compliance certificates.

#### **Consent to Rate (Section 4)**

- Language was added to further explain the reasons(s) for the need to use a rate in excess of a filed rate for a specific risk.

#### **Technical and Conforming Changes**

- Technical and conforming changes were made to Title 21 to take into account the new provisions.

**Following is a detailed Sectional Analysis of Senate Bill 168:**

**Section 1 AS 21.09.110(b)**

This law specifies filing requirements for policy forms and rates requiring approval under Alaska Statutes § 21.39 (rates and rating organizations) and § 21.42 (insurance contracts).

**Section 2 AS 21.39.040(a)**

Rate filings are to be submitted under the specified filing procedures, AS § 21.39.041 (prior approval), or AS § 21.39.210 (flex-rating), AS 21.39.220 (file and use, filing of rates, supplementary rate information, and supporting information).

**Section 3 AS 21.39.040(d)**

This section pertains to the situation where an insurer does not provide sufficient information in its rate filing. The Director shall require the insurer to furnish specific information upon which the insurer supports the filing.

**Section 4 AS 21.39.040(g)**

Upon written application of an insured that states the reasons for unusual characteristics not otherwise contemplated in a filed rating plan, an insurer may file a rate for use on a specific risk that exceeds a rate provided by an otherwise applicable filing.

**Section 5 AS 21.39 (New Section: 21.39.041)**

Except for workers compensation prospective loss cost filings and assigned risk pool rates by certain rating organizations, insurers and rating organizations must file medical malpractice, workers compensation, and assigned risk rating systems specified under Alaska law. Such filings must be made with the director for the purpose of review and approval prior to use. Filings are deemed to meet the requirements of Alaska law regarding rates and rating organizations unless the director disapproves the filing within the specified waiting period.

If within the initial review period established by this law, the director determines a filing fails to meet the requirements of these provisions, the director must send the insurer or rating organization making the filing a written notice of disapproval. Such notice must indicate the manner in which the filing fails to meet the requirements of this law and must specify the filing will not become effective.

**Section 6 AS 21.39.050(c)**

If at any time subsequent to the review period provided established by these provisions, and after notice and hearing in accordance with this law, the director determines a filing does not meet the requirements of Alaska law, he or she must give each insurer or rating organization making the filing an order specifying the manner in which the filing fails to meet the requirements set forth by these provisions.

**Section 7 AS 21.39.110(a)**

This law specifies that groups, associations, or other organizations of insurers which engage in joint underwriting or joint reinsurance, are subject to Alaska law regarding rates and rating organizations, except those provisions regarding flex rating. Moreover, joint reinsurance is subject to provisions regarding examinations, penalties, and hearing procedures and judicial review under Alaska law regarding rates and rating organizations.

**Section 8 AS 21.39 (New Sections: 21.39.210 and 21.39.220)**

**Section 21.39.210 (Flex-rating)**

Unless a rate level change pertains to workers compensation, medical malpractice, or assigned risk plans, this law permits increases or decreases in an insurer's rate level to take effect without prior approval. However, such rate level changes must reflect a cumulative rate level increase or decrease for all coverages, calculated from the effective date to 12 months before the effective date, of not greater than 10 percent.

These provisions do not apply to rating organizations or impaired or insolvent insurers operating under a rehabilitation plan, order of supervision, or an impaired financial condition as determined by the director.

**Section 21.39.220(New) (File and use, filing of rates, supplementary rate information, and supporting information)**

Insurer rate level increases or decreases falling outside the limitations provided under AS 21.39.210(a) (flex rating), are subject to file and use provisions under this law, unless otherwise exempt under another provision of Alaska law regarding rates and rating organizations. If, within the specified waiting period, the director finds a filing does not meet the requirements of Alaska law regarding rates and rating organizations, the director must send the insurer or rating organization which made the filing, written notice of disapproval. Filings and supporting information will be open to public inspection after the director completes the review of the filing.

**Section 9 AS 21.42.120(b)**

Insurers and rating organizations must submit filings for prior approval under AS 21.42.123 (form filing subject to prior approval) or AS 21.42.125 (form filing subject to file and use).

**Section 10 AS 21.42.120**

This law permits the director to order an insurer or rating organization to submit a specific insurance document or form, or a type of insurance document or form for prior approval if the director believes such approval is necessary for the protection of the public.

**Section 11 AS 21.42 (New Sections 21.42.123 and 21.42.125)**

**Section 21.42.123 (Form filing subject to prior approval)**

Prior approval filings must be made at least 30 days before the effective date of such filing. At the conclusion of the 30-day period, the filed form is considered approved unless it has been affirmatively disapproved by order of the director before the end of the 30-day period. If the director approves the form before the end of the required 30-day period, such approval constitutes a waiver of the unexpired portion of the waiting period.

**Section 21.42.125 (Form filing subject to file and use; penalties)**

File and use filings must be filed with the director for a waiting period of at least 30 days.

File and use forms must include a signed compliance certificate certifying the filing complies with Alaska's insurance laws. Compliance certificates must be signed by an authorized officer of the filing organization or the organization's state filings manager and state that, to the best knowledge of the signor, the filing complies with applicable laws.

In addition to other penalties provided by law, if an insurer or rating organization submits a materially false or misleading compliance certificate, the director may require the organization to submit future form filings for prior approval. Moreover, a person violating these requirements regarding compliance certificates may also be subject to civil penalties of up to \$25,000 for each violation. Filings that do not include a signed compliance certificate will be reviewed under the prior approval procedure.

This law also permits the director to require insurers and rating organizations to provide additional information demonstrating that a file and use filing meets the requirements of Alaska's insurance laws, or the director may require such organizations to revise a filing to meet those requirements.

**Section 12 AS 21.39.050(a)**

This law also repeals AS 21.39.050(a) pertaining to the disapproval of filings.



Property Casualty Insurers  
Association of America

Shaping the Future of American Insurance

## AN ANALYSIS OF INSURANCE RATE REVISIONS UNDER FLEX-RATING SYSTEMS

### Introduction

A flex-rating system enables insurance companies to implement rate changes within a percentage band without approval from the regulator, but it ensures that larger changes must still undergo regulatory review before going into effect. Even small changes may still be disapproved if they do not meet the statutory requirements of being "not inadequate, excessive, or unfairly discriminatory."

This type of system allows insurers the flexibility to respond to competitive market conditions and adjust certain rates more quickly in accordance with the changing loss experience. It has the ability to stabilize the market by smoothing any fluctuations in the rate adjustments. Flexible rate revisions under this mechanism are not as volatile as rates that require prior approval. By reducing any sharp gyrations in the rate level, the system is beneficial to insurance consumers as price continuity is maintained. Flex-rating provides a reasonable plan that lessens regulatory burdens for both insurers and regulators without compromising consumer protection, and consumers benefit from a market environment characterized by healthy competitive forces and flexibility.

While lawmakers and regulators may recognize the benefits of flex-rating, there is some hesitancy to convert a less competitive rating law to a more flexible system. Understandably, they are concerned that insurance companies will seize upon the opportunity to implement rate changes very close to the threshold, knowing that these rates will not need regulatory approval.

This paper provides evidence showing that the scenario described above is not the case. A significant number of rate changes in flex-rating systems are in fact reductions. One reason for rate decreases under a flex-rating system is that insurers are allowed the flexibility to respond to competitive market conditions and determine appropriate rate level changes more quickly. If a competitive market exists, then this system, by definition, will allow some rates to change more quickly in accordance with the changing loss experience.

Flexible rate revisions are not as volatile as rates that require prior approval. Since companies are able to predict their losses more accurately under a flex system, they feel more comfortable in reducing rates if warranted because they realize they can increase them later if needed. This is not always the case under a prior approval system, since companies face an additional underwriting risk due to the time lag involved with the delays in the review process. What typically occurs in states with prior approval laws is that companies are hesitant to lower rates because they experience regulatory delays when subsequent increases are needed.

Because premiums are able to more accurately reflect projected losses under a flex-rating system, actual loss ratios (i.e., losses relative to premiums) are more likely to match targeted loss

ratios and favorable underwriting returns are produced. Companies are able to respond to changing loss experience more quickly under flex-rating than under prior approval and they can implement certain rate increases or decreases with all necessary flexibility, further strengthening the competitive system. As a result, policyholders see lower increases in their rates and sometimes even cost savings.

Congress could intervene in the regulation of the insurance business unless it is persuaded that greater regulatory modernization at the state level is occurring. Meetings and hearings in recent years have focused on flaws in the current state regulatory system, including the drag that supervised or administered rating laws have on consumer choice and industry competition and efficiency. Flex-based rates make it possible for insurers to compete more vigorously and swiftly on price, and Congressional leaders calling for more modernized insurance regulation have cited "speed-to-market" and competition-based pricing as crucial elements in regulatory modernization.

Effective consumer protection that focuses on local needs is the hallmark of state insurance regulation because local and regional markets and the needs of consumers in those markets are better understood within the state framework. Modernization of insurance rates is a key element to preserving state regulation of insurance, and state legislators can play a key role in making sure that modernization is implemented quickly and efficiently. State regulators are on time and on target to accomplish changes needed to modernize the system of insurance regulation in the United States. The PCI remains committed to working with them to enhance and improve the state regulatory system to foster a healthy and competitive insurance marketplace.

Flex-rating is a very logical and sound next step toward regulatory modernization, as free market forces would operate to a greater extent to assure the most efficient flow of services to the public. It makes little sense for insurance companies to take advantage of the flexible non-regulatory approval feature by implementing rate increases near the threshold, as they would simply lose business by encouraging their policyholders to go to other insurers. What does make sense is that a flex-rating approach would:

- allow insurers to better predict their losses, resulting in lower loss ratios;
- create lower rate increases and even decreases, to the benefit of consumers; and
- attract more insurers to enter the market, improving the level of competition in the state.

### **Personal Auto Rate and Loss Cost Activity**

This section discusses rating activity in the various states that have flex-rating laws. Currently, the following five states have auto insurance flex-rating systems in place:

Kentucky – effective July 15, 1988, flex band of 25 percent

Louisiana – effective January 1, 2004, flex band of 10 percent

Pennsylvania – effective February 19, 1998, flex band of 10 percent

Rhode Island – effective July 7, 2004, flex band of 5 percent

South Carolina – effective March 1, 1999, flex band of 7 percent

In addition, some rating activity is provided for New York, a state that had a flex-rating law beginning on June 30, 1995. The law, however, sunset in August 2001.<sup>1</sup>

In each example, personal auto rate changes made in these states were not right at the upper limit. Insurance companies are not arbitrarily filing rate increases near the threshold, knowing they can get the maximum revision without insurance department approval. They do not treat the size of the flex band lightly, but instead make prudent rating decisions according to the changing loss trends and the competitive environment.

#### ***Rate Activity in South Carolina***

By far, South Carolina appears to have received the greatest amount of attention with respect to the adoption of its auto flex-band law in 1999.<sup>2</sup> In a letter dated March 22, 2004, Dean Kruger, property and casualty chief at the South Carolina Department of Insurance, asserts, "The assumption used under the prior approval law was that requiring insurers to lower requested rate increases saves money for consumers. If such an assumption were accurate, then premiums should have increased during the implementation (of flex-rating). In fact, they dropped and this indicates that the competitive marketplace is the more effective in controlling rate levels. The key is to increase the number of market participants and a regulatory approach that causes insurers to not enter our marketplace has a cost to the consumer."

Included in Mr. Kruger's letter is an exhibit of major personal auto insurers and their rate activity since the flex system began (see Table 1). Revisions are no changes, decreases or increases beyond the 7 percent threshold that would require regulatory approval. Six of the 34 rate activities shown in the table were decreases and seven were increases above the threshold; the remaining 21, including "no change", are generally well below the maximum limit. Clearly, companies are not trying to take advantage of the new system by implementing rate increases at levels near the flex band. Another observation is the fact that rate changes were not automatically made each year, as seen for three insurers (Allstate, State Farm Fire and Casualty, and South Carolina Farm Bureau).

	1999	2000	2001	2002	2003
Allstate Insurance Co.	0.0%	1.5%	3.6%	No Change	1.6%
State Farm Mutual Auto	-0.3%	0.9%	5.9%	5.8%	-0.5%
Nationwide	-1.8%	4.7%	4.3%	3.9%	1.8%
State Farm Fire and Casualty	No Change	-4.8%	10.2%	11.6%	3.9%
GEICO	-10.3%	6.6%	9.9%	3.5%	1.9%
Allstate Indemnity Co.	New Program	5.0%	11.0%	12.75%	12.0%
South Carolina Farm Bureau	-4.53%	No Change	6.94%	0.01589%	7.26%

*Source: South Carolina Department of Insurance*

<sup>1</sup> It is not known whether the flex-band system will be reinstated by the New York General Assembly.

<sup>2</sup> Most likely, the spotlight has been on South Carolina due to the significant improvements flex-rating had on its residual market problem and the large increase in auto insurers entering the state.

**Rate Activity in New York**

Like South Carolina, New York had a flex band of 7 percent for personal auto insurance. Although New York's flex-rating law sunset in 2001, information is presented on rate changes that took place in this state while the system was in effect and after the law sunset (see Table 2, compiled by the Progressive Group). These changes reflect rating activity conducted by 10 insurance groups representing more than 70 percent (71.5%) of the market.

As previously shown, insurers do not view flex-rating as an opportunity to raise their rates as much as possible. In fact, six insurers implemented rate changes substantially lower than the 7 percent band (Liberty Mutual, Metropolitan, Nationwide, New York Central, and Travelers all had small increases, while State Farm lowered its rates by 2.5%). One insurer (GEICO) had a rate change near the limit during flex, but filed the lowest change after the law sunset. These small increases resulted in GEICO's having the second lowest overall rate increase (8.5%) both during and after flex-rating (the lowest is Nationwide, with a combined 6.0% increase during and after flex). Three insurers (Allstate, 8.5%; AIG, 17.9%; and Progressive, 18.1%) had rate changes greater than the 7 percent band during flex-rating and needed regulatory review and confirmation before they were able to put their rates into effect.

The average increase among the 10 groups presented was 5.3 percent during flex-rating, less than half the average of 11.0 percent after the law reverted to prior approval. Clearly, New York drivers on average were better off during the flex-rating period than the prior approval period because their insurance rates did not go up as much. This is especially true for policyholders of seven of the 10 insurers (Allstate, Liberty Mutual, Metropolitan, Nationwide, New York Central, State Farm and Travelers).

**Table 2**  
**New York Personal Auto Rate Change History**  
**Pre- and Post-Flex-Rating Sunset (Band = 7%)**

<b>Insurer Group</b>	<b>Rate Change During Flex-Rating</b>	<b>Rate Change After Flex-Rating Sunset</b>
Allstate Insurance	8.5%	11.6%
American International Group	17.9%	15.5%
GEICO/Berkshire Hathaway	6.5%	1.9%
Liberty Mutual Insurance Group	0.0%	5.9%
Metropolitan Group	1.8%	11.3%
Nationwide Corporation	1.6%	4.3%
New York Central Mutual	4.0%	9.3%
Progressive Group	18.1%	15.0%
State Farm	-2.5%	21.8%
Travelers/Citigroup	2.5%	8.7%
<b>Average</b>	<b>5.3%</b>	<b>11.0%</b>

*Source: Progressive via Martin & Company*

### **Rate Activity in Other States with Flex-Rating**

In addition to South Carolina and New York, other states with flex-rating systems have seen activity that should further ease concerns regarding any alleged rating opportunities. Information on these particular activities has been extracted from various newspaper articles and is presented in Table 3, along with the date of the article, the state affected and the company filing for the change. As before, all of the changes indicated are quite a bit lower than the established maximum beyond which insurance department approval is required, once again demonstrating that insurers are not trying to take advantage of the more competitive system.

<b>Table 3 Rate Activity of Major Insurers In States With Flex-Rating Laws</b>			
<b>Date of Article</b>	<b>State (Band)</b>	<b>Major Insurance Company</b>	<b>Action (line of business)</b>
6/22/03	Kentucky (25%)	Kentucky Farm Bureau	6.6% increase in 2002 (auto); 10.0% increase in 2002 (homeowners)
6/22/03	Kentucky (25%)	State Farm	6.7% increase (homeowners); 0.5% increase (auto)
6/08/04	Kentucky (25%)	State Farm	5.3% decrease (auto)
1/23/04	Louisiana (10%)	USAA Group	2.2% decrease (auto)
3/04/04	Louisiana (10%)	Farmers	6.8% increase (auto)
1/21/05	Louisiana (10%)	State Farm	2.1% decrease (auto)
1/04/04	Pennsylvania (10%)	Erie	7% increase (auto)
8/09/04	Pennsylvania (10%)	Allstate	2.5% increase in Philadelphia; 6.8% in rest of state (auto)
6/12/04	Texas (30%)*	State Farm	2.2% decrease (auto)
6/12/04	Texas (30%)*	USAA	8.6% decrease (auto)
* Texas has since converted to a file-and-use rating system, effective December 1, 2004.			
Sources: Kentucky – <i>The Courier-Journal</i> (Louisville), June 22, 2003 and June 8, 2004; Louisiana – <i>The Baton Rouge Advocate</i> , January 23, 2004, March 4, 2004, and January 21, 2005; Pennsylvania – <i>Erie Times-News</i> , January 4, 2004 and <i>The Philadelphia Inquirer</i> , August 9, 2004; and Texas – <i>San Antonio Express-News</i> , June 12, 2004			

The 2.1 percent reduction made by State Farm Mutual Automobile Insurance Company in Louisiana (effective February 15, 2005) affects about one-third of the state's drivers. This decrease meant annual savings of \$19.3 million for these motorists, or an average of nearly \$20 per policyholder. This is the first time in almost five years that State Farm has reduced its rates. According to the state's insurance commissioner, J. Robert Wooley, auto insurance rates have benefited from the flex-band rating system. "Insurers aren't as reluctant to reduce rates when business is good because they know they can also raise rates without incurring a political battle." Commissioner Wooley also remarked that smaller auto insurers in the state filed for rate reductions as well, while others raised their rates by smaller percentages than in the past few years.<sup>3</sup>

<sup>3</sup> Source: *The Baton Rouge Advocate*, January 21, 2005

**ISO Advisory Loss Cost Changes in States with Flex-Rating**

Another source connected to rating activity is the Insurance Services Office, Inc. (ISO), an organization that makes advisory prospective loss cost filings for companies that use their services. Based on aggregated data submitted by participating insurers, these loss costs are adjusted for development and trending to assist companies in creating their own independent rates. It is believed that rate changes made by companies using ISO advisory loss costs are not too different from these recommended changes.

Presented in Table 4 are recent advisory loss cost revisions for personal auto insurance for the five states that now have flex-rating systems. These figures are taken from ISO circulars made available to PCI.

<b>Table 4 Insurance Services Office, Inc. Personal Auto Advisory Loss Cost Level Activity On Combined Total Limits</b>					
<b>State (eff. date; Flex-Band)</b>	<b>Kentucky (7/15/88; 25%)</b>	<b>Louisiana (1/1/04; 10%)</b>	<b>Pennsylvania (2/19/98; 10%)</b>	<b>Rhode Island (7/9/04; 5%)</b>	<b>South Carolina (3/1/99; 7%)</b>
2000	-4.4%	N/A	-8.0%	N/A	-18.5%
2001	No change	N/A	-3.7%	N/A	No change
2002	+7.8%	N/A	+7.0%	N/A	No change
2004	+1.5%	No Change	-1.8%*	+8.4% (-0.8%**)	+1.5%
<b>Notes:</b>					
1) All time periods are through the 4 <sup>th</sup> quarter, except for 2002, which is through the 2 <sup>nd</sup> quarter. Information for 2003 is not available at PCI.					
2) N/A = not applicable (i.e., flex-rating has not taken effect yet)					
* A decrease of -1.8% was disapproved in Pennsylvania.					
** A decrease of -0.8% for basic limits is scheduled for implementation or approved effective 2 <sup>nd</sup> quarter of 2005 in Rhode Island.					
<i>Source: ISO Chief Executive Circulars</i>					

The loss cost revisions made by ISO were either substantially lower than the maximum limit allowed in the flex band or were actually higher than the threshold (such as the 8.4% increase in Rhode Island), the latter requiring prior approval by the regulator. None of these changes were only slightly lower than the threshold, thus taking advantage of the system as some may think. In fact, half of the changes shown in Table 4 are implemented decreases. This is especially true in Pennsylvania, where three of the advisory loss cost changes recommended by ISO since 2000 are reductions. Another notable one is the 18.5 percent decrease made by ISO, shortly after flex-rating was adopted in South Carolina.

### Other Positive Effects of Flex-Rating Systems

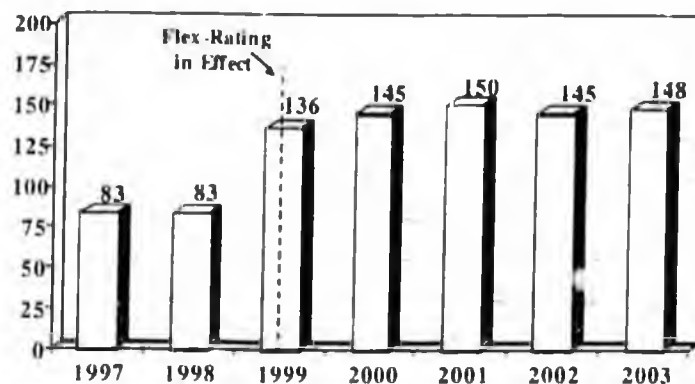
Although the primary purpose of this report is to show that rate changes are not influenced by the maximum level of the flex band, there are several other positive changes resulting from a flex-rating law that deserve mention. These are shown for South Carolina and New York.

#### South Carolina

In South Carolina, the positive effects from flex-rating are as follows:

- The number of auto insurers grew dramatically when South Carolina adopted the new flex-rating law (see Figure 1 for the trend). During 1997 and 1998, there were 83 companies writing auto insurance in this state. When the new law went into effect in 1999, the number soared to 136, a two-thirds increase. The number of insurers continued to rise, peaking at 150 in 2001. This quantity has remained fairly constant over the last three years.<sup>4</sup>

Figure 1  
South Carolina  
The Number of Auto Insurance Companies  
Accelerated After Flex-Rating



Source: NAIC

- South Carolina motorists paid an average of 4.4 percent, or \$34, less for auto insurance in 2000 (one full year after its flex-rating law began) compared to 1998 (\$732.53 in 2000 vs. \$766.23 in 1998).<sup>5</sup> This post-flex premium dropped to the same level seen three years earlier, in 1997.
- During the four-year period before flex-rating (1995 – 1998), the state's average personal auto loss ratio was 80.6 percent of premiums. After flex-rating (2000 – 2003), it fell nearly 12 percentage points, down to 68.7 percent.<sup>6</sup> Again, because rates can now be adjusted more quickly to reflect changing losses, the loss ratios are more in line with those projected. This resulted in the decline in average premium for the state's drivers.

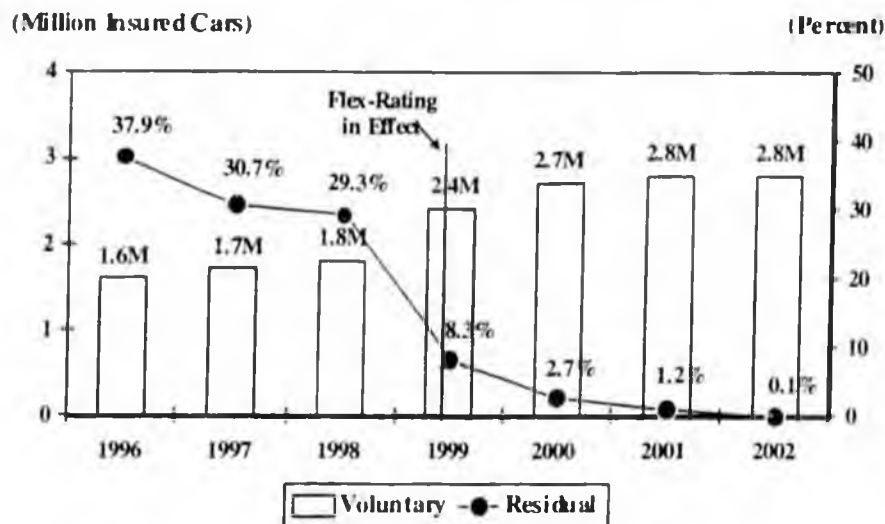
<sup>4</sup> Source: National Association of Insurance Commissioners

<sup>5</sup> Source: National Association of Insurance Commissioners, *State Average Expenditures & Premiums for Personal Automotive Insurance*

<sup>6</sup> Source: National Association of Insurance Commissioners

- Prior to flex-rating, the personal auto residual market in South Carolina was extremely problematic. The proportion of drivers in this group was one of the highest in the nation, representing between 29 percent to 38 percent of the state's entire insured population before the law was changed. This is in comparison to an average countrywide penetration of about 2 to 3 percent. After the 1999 change in rating law, South Carolina's residual market population dropped down to 8 percent during the year and is now less than 1 percent of the insured population. In contrast, its voluntary market grew about 75 percent, from a population of 1.6 million insured cars in 1996 to 2.8 million insured cars in 2002.<sup>7</sup> The largest increases in the voluntary market took place over the last three years after the conversion to flex-rating (see Figure 2), showing that the competitive market here is indeed working now.

Figure 2  
South Carolina  
Positive Effects of Flex-Rating  
Trends in Voluntary and Residual Market



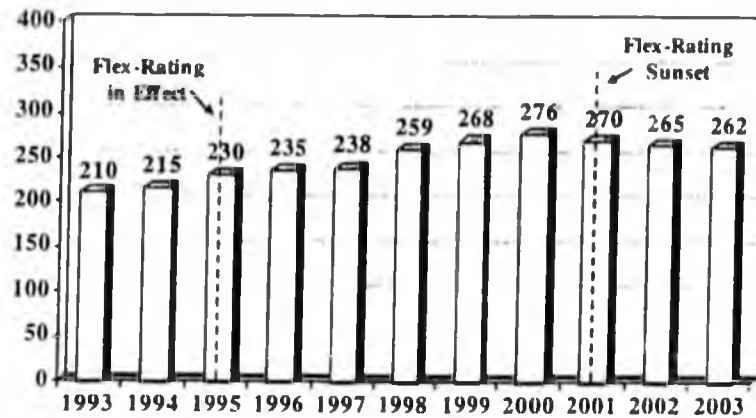
Source: AIPSO

### New York

Like South Carolina, one positive outcome of a conversion to flex-rating from prior approval is the growth in the number of personal auto writers in New York. Figure 3 illustrates this trend from 1993 to 2003. When flex-rating went into effect in 1995, there was an increase of 7 percent in the number of insurers (230 insurers in 1995 compared to 215 the previous year). The level continued to grow, accelerating to 276 insurers five years later. However, the New York flex-rating law sunset in 2001, and what resulted after its dissolution was an immediate reduction in auto insurers. The number of writers dropped steadily after flex-rating was removed, from a high of 276 writers prior to the sunset down to 262 writers now.

<sup>7</sup> Source: Automobile Insurance Plans Service Office

**Figure 3**  
**Trend in New York Personal Auto Insurers**  
**After Flex-Rating Went into Effect**  
**and After Flex-Rating Sunset**

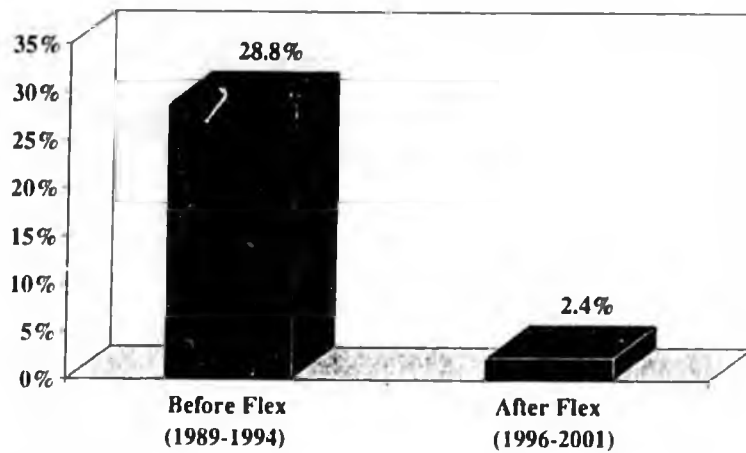


Source: NAIC

Another observed benefit is that the average personal auto premium for New York slowed down after its new system was implemented. Figure 4 illustrates the change in average premium between New York for a consistent period of time before and after its flex-rating plan went into effect. The periods selected are 1989 – 1994 before flex and 1996 – 2001 after flex. Prior to flex, the average premium rose 28.8 percent from 1989 to 1994. During the same length of time, but post enactment of its new rating law (1996 – 2001), the premium experienced only a 2.4 percent increase.<sup>8</sup> This is because certain rates were allowed to change more rapidly to more accurately reflect the trends in loss experience, resulting in less volatile rate revisions than under a prior approval system.

<sup>8</sup> Source: National Association of Insurance Commissioners, *State Average Expenditures & Premiums for Personal Automotive Insurance*

**Figure 4**  
**New York**  
**Five-Year Personal Auto Premium Growth**  
**Before and After Flex-Rating**



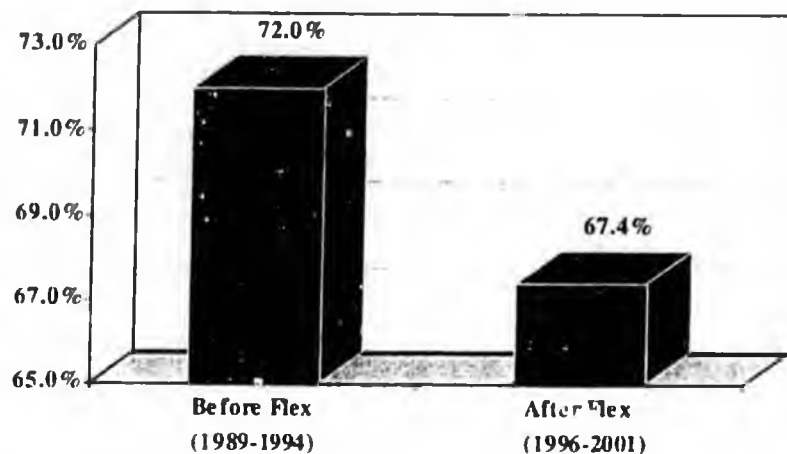
Source: NAIC

The reduced change in average premium growth for New York after flex-rating took place is supported by the fact that the loss ratio also went down. The loss ratio declined after the change in law because more filings were approved more rapidly under this system, permitting the losses relative to the premiums to be closer to what was projected. Having an actual loss ratio closer to the projected amount means a greater likelihood for anticipated profitability results and less need for future rate increases for customers.

The following illustration shows the average personal auto loss ratios before and after New York's flex-rating effective date. Again, the periods examined, before flex and after flex, are respectively 1989 - 1994 and 1996 - 2001<sup>9</sup> (see Figure 5).

<sup>9</sup> Source: National Association of Insurance Commissioners, *Report on Profitability by Line and by State*. NAIC uses a simple arithmetic average to generate mean loss ratios over time.

**Figure 5**  
**New York**  
**Average Personal Auto Loss Ratios**  
**Before and After Flex-Rating**



Source: NAIC

During the period prior to New York's flex-rating law, the average loss ratio was 0.720 (i.e., 72.0% of earned premiums). After the new law went into effect, the loss ratio for the same length of time dropped to 67.4 percent, a reduction of nearly 5 points. This decline in loss ratio stemmed from insurers' being able to adjust their rates on a more timely basis to more accurately reflect losses under flex-rating. And lower loss ratios mean lower premium increases.

#### ***Comparison of Average Premiums By Rating Law***

Rate regulatory systems generally fall into two categories: "prior approval" and "open competition" (or "competitive rating"). Competitive rating is the more efficient method of setting insurance rates because it is self-adjusting. Insurers are better able to respond to current loss trends and greater innovation is encouraged. Open competition creates an environment that permits a more responsive and substantial expansion of coverage availability. If insurers set rates too high or too low, the market adjusts to drive rates to the competitive level. In addition, innovation will be stimulated, thus making a wider variety of product, price and service combinations available to consumers.

Rate levels are also found to be lower in competitive rating states than in states with prior approval laws. Presented in Table 5 are the 2002 average personal auto premiums, separated between groups of non-competitive prior approval states (including state-made and bureau-made), flex-rating and open competition states that fell under these categories during that year.

<b>Table 5</b> <b>Average Personal Auto Insurance Premiums - 2002</b> <b>Comparison of Rating Laws</b>	
<b>Group of States by Type of Rating Law</b>	<b>Annual Average Premium</b>
Prior Approval (incl. State- and Bureau-Made)	\$940.63
Flex-Rating	\$862.00
Open Competition	\$826.01
<i>Prior Approval: AL, AK, CA, DE, GA, HI, LA, MA, MS, NE, NV, NJ, NM, NY, NC, ND, OK, TN, WA, and WV</i> <i>Flex-Rating: KY, PA, SC, TX</i> <i>Open Competition: AZ, AR, CO, DC, FL, ID, IL, IN, IA, KS, ME, MD, MI, MN, MO, MT, NH, OH, OR, RI, SD, UT, VT, VA, WI, and WY</i> <i>Connecticut is not included in any group because its liability rates are subject to prior approval and its physical damage rates are subject to open competition.</i>	
<i>Source: PCI, based on data compiled by the National Association of Insurance Commissioners</i>	

As a group, the states with non-competitive prior approval laws and state- and bureau-made rates have a higher average personal auto premium than states with more competitive rating laws. The auto premium is 9 percent higher than flex-rating states (\$940.63 vs. \$862.00) and 14 percent higher than open competition states (\$940.63 vs. \$826.01). Of course, it must be noted that other factors contribute to the level of premiums as well, the most important being the amount of insured losses that occur. This comparison nevertheless shows that in states where insurers are allowed to operate more competitively, their customers have more affordable insurance.

### **Studies Discussing the Benefits of Open Competition**

The subject of insurance rate regulation has been one of great interest over the last thirty years. Regulators and other governmental bodies, insurers, academicians, and economists all have conducted in-depth research to examine the different regulatory approaches. They conclude that an open competition rating law provides more benefits to both insurers and the public than does a non-competitive prior approval law. Findings from several studies or cases are cited below:

- "A review of the particular alternatives (to the competitive rating law), especially a return to prior approval, indicates that these problems would be made worse, not better, by the alternative approaches."<sup>10</sup>
- "If consumers in competitive rate states fare as well or better than they did in 'non-competitive' rate states, there appears to be no empirical economic justification for the regulation of automobile insurance rates by regulatory authorities, especially when

<sup>10</sup> Source: State of New York Insurance Department, *The Open Rating Law and Property-Liability Insurance: An Evaluation of Insurance Price Regulation*, 1977

considering the costs of regulating rates."<sup>11</sup>

- "...prior approval regulation of rates entails direct and indirect costs and serves no useful purpose in modern, competitively structured insurance markets. Rather, the insurance-buying public would benefit from deregulation of rates."<sup>12</sup>
- Justice Black stated that the philosophy of a less regulated market...  
"rests on the premise that the unrestrained interactions of competitive forces will yield the best allocation of our economic resources, and lowest prices, the highest quality and the greatest material progress, while at the same time providing an environment conducive to the preservation of our democratic, political and social institutions."<sup>13</sup>

*The Property Casualty Insurers Association of America (PCI) is a trade association consisting of more than 1,000 insurers of all sizes and types, and representing 38 percent of the total property/casualty insurance business and 48 percent of the personal auto business in the nation.*

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<sup>11</sup> Source: Witt, Robert C. and Miller, Harry. *Best's Review*, Vol. 81, No. 8, Dec. 1980. "Is Auto Insurance Rate Regulation Necessary?"

<sup>12</sup> Harrington, Scott E. AEI-Brookings Joint Center for Regulatory Studies; *Insurance Deregulation and the Public Interest*, 2000

<sup>13</sup> *Northern Pacific R. Co. vs. United States* 356 U.S. 1 (1958)



**Property Casualty Insurers  
Association of America**

Shaping the Future of American Insurance

March 17, 2005

**To:** The Honorable Tom Anderson, Chair  
Members of the House Labor and Commerce Committee

**From:** Samuel Sorich, Vice President

**Re:** PCI's Support for HB 216 (SB 100)

The Property Casualty Insurance Association of America (PCI) is an association of property/casualty insurance companies. There are nearly 200 PCI member companies writing insurance in Alaska. PCI members include Allstate, Progressive, Liberty Northwest, and GEICO.

PCI supports HB 216. Director Hall and her staff deserve to be commended for their regulatory efforts. However, current statutes force them to process and review every change in rates and forms, no matter how minor and no matter how well justified, before the change can be put into effect. This system burdens the Division staff and distracts them from other regulatory priorities. The system also has inherent delays which force consumers to wait for new rating plans and products.

Alaska's current regulatory system discourages insurers from innovating on rates and products, because any such changes face an often times lengthy review process. When the rates and products are finally improved, they may no longer relate to market conditions and consumer needs.

HB 216 addresses these problems. The bill preserves the Insurance Director's authority to regulate rates and forms but allows a degree of rate flexibility and offers an alternative to the current system of strict regulatory prior approval of policy forms. We believe that HB 216 will create a more dynamic, more competitively-oriented insurance market in Alaska. The competition on rates and forms that HB 216 will encourage will benefit Alaska insurance consumers.

HB 216 was developed over the past nine months by an industry-wide drafting group. The group included some PCI members and several other insurance companies and associations, including State Farm Insurance Company and the American Insurance Association which also support HB 216.

Sincerely,

Samuel Sorich  
Vice President

# LESSMEIER & WINTERS

LAWYERS - LLC

VINTAGE BUSINESS PARK  
3000 VINTAGE BOULEVARD  
SUITE 100  
JUNEAU, ALASKA 99801

MICHAEL L. LESSMEIER  
GREGORY W. LESSMEIER  
SHELDON E. WINTERS

TELEPHONE: (907) 796-4999  
FACSIMILE: (907) 796-4998  
E-MAIL: l-w@ga.net

Via Hand Delivery

March 17, 2005

The Honorable Tom Anderson, Chair  
Members of the House Labor & Commerce Committee  
State Capitol Room 408  
Juneau, Alaska 99801

**Re: State Farm's Support for HB 216**

Dear Representative Anderson:

(SE 168)

On behalf of State Farm Insurance, we would like to express support for HB 216.

Currently, insurers must obtain "prior approval" from the Division of Insurance before adjusting rates upward or downward and before making products and product enhancements available to customers. Such "prior approval" systems were first instituted in the early 1900's as a way to make sure insurers charged enough to avoid insolvency, but they were not intended to help with insurance affordability. A 2001 Brookings Institute study perhaps best summarizes the problems with antiquated "prior approval" systems in today's modern market place. The study made the following conclusions about prior approval rate regulation:

1. Prior approval had little or no long-term effect on reducing overall price levels;
2. Prior approval tended to make coverage less available in the voluntary market;
3. Prior approval tended to create larger residual markets;
4. Prior approval tended to increase cost volatility for insurers and price volatility for consumers; and
5. Prior approval tended to increase subsidization of residual market insurance by those insureds in the voluntary market.

History in other states indicates clearly that both the Alaska insurance industry and insurance consumers will benefit by modernization of Alaska's regulatory system to allow rate flexibility and a use and file system for policy forms and endorsements. HP 216 does that, while at the same time preserving the Insurance Director's authority to regulate rates and forms.

Honorable Tom Anderson  
March 17, 2005  
Page 2

LESSMEIER & WINTERS  
LAWYERS - LLC

In conclusion, HB 216 will reduce entry barriers for insurers to do business in Alaska, encourage competition among insurers, allow insurers to respond more quickly to market conditions to the benefit of consumers and allow the Division of Insurance employees to spend their valuable time on activities that will better serve the insurance buying public such as regulation of solvency, market conduct and consumer complaints. Based on experience in other states, insurance availability should improve in the near term and insurance affordability may improve in the longer term. We thank you for your support of this bill.

Sincerely,

LESSMEIER & WINTERS  
Lobbyists For State Farm

By:   
Sheldon E. Winters

SEW/caf

0015-006 RepAnderson01SEW.wpd

driveINSURANCE FROM **PROGRESSIVE****March 16, 2005****To: Alaska State House of Representatives**

I am writing to strongly encourage you to pass House Bill 216. (SL 100)

There is common acceptance by all observers that the current insurance regulatory system in Alaska needs to be reformed. Progressive Casualty Insurance Company and its affiliated and subsidiary companies (Progressive) agrees that insurance regulatory reform is necessary and in the best interest of all stakeholders. We believe that HB 216 is a huge step forward and will:

- Encourage competition, availability, and Innovation in product design;
- Eliminate multiple layers of regulation;
- Facilitate the use of pricing and underwriting practices that are fair and actuarially supported;
- Provide speed to market so that forms and rates for new and existing products can be used within reasonable time frames;
- Eliminate outdated regulatory requirements that no longer serve valid regulatory objectives;
- Provide flexibility that allows insurers to innovate and compete effectively against new rivals in the rapidly converging financial services industry;
- Be administered by regulators who are professional, knowledgeable about the industry, and capable of effectively balancing the interests of consumers and insurers; and
- Provide regulation that is consistent, sensible, reliable, and in accordance with law.

A regulatory system with these attributes will foster competition and make reasonably and accurately priced insurance available to more consumers. It will also encourage capital investment and promote a healthy insurance market. This can only benefit consumers.

HB 216 fosters open competition, and in doing so, we believe establishes the optimal approach to rate regulation from both the consumer and industry point of view. Fostering competition curtails excess profits and improves insurance availability. Free market forces should be allowed to operate to assure the most efficient flow of services to the insurance-consuming public. Open competition rating laws, such as HB 216, are the embodiment of this philosophy.

If I can be of any assistance, or answer any questions pertaining to our support of this bill, please do not hesitate to call me directly at 916-864-6175.

Thank you for supporting HB 216.

Sincerely,



Marcus Linden  
Progressive Insurance  
Agency Auto Product Manager Alaska

Testimony of John George representing Property Casualty Insurance Association of America. 3/21/05

This bill is a result of nine months of discussions among insurance companies, agents, the Director of Insurance and her staff. We have reached agreement on needed statutory changes which will significantly increase competition, provide public protection and improve the efficiency of the Division of Insurance.

HB216 has three basic purposes. First the bill will create an environment where insurers compete more vigorously on insurance rates and products. HB216 will encourage insurers who currently write insurance in Alaska to stay, will encourage companies with minimal writings to expand their book of business and will attract new insurers to Alaska. More competition is good for the public and a spreading of coverages among more carriers lessens our dependence on any one company. HB216 follows a national trend to a more competition oriented system for regulation of insurance which has shown benefits to consumers where similar regulatory modernization has occurred. And finally HB216 allows the Division of Insurance more efficiently allocate their resources to provide better consumer protection.

Discussions began using model legislation adopted by the National Conference of Insurance Legislators. Some of those ideas were incorporated some were discarded, but the current bill is consistent with the NCOIL model goal of regulatory modernization. The bill requires initial rates to be filed and approved by the Division of Insurance with subsequent filings within a narrow rate band to be filed and used without prior approval. This flex rating system allows companies to react quickly to market conditions without waiting months seeking prior approvals. The bill contains a certification process whereby companies certify that their filing meets statutory requirements. The Division of Insurance retains the authority to regulate, and apply sanctions on companies that fail to meet the required standards.

The bill as presently drafted has a few technical problems and some items need minor adjustments to accomplish the intended goals. The Director of Insurance and industry spokesmen are still working on language for several changes and we are confident that we will reach agreement on those issues. We had hoped to have a committee substitute bill ready for today's hearing but it is not ready yet.

I believe the Director of Insurance is on line today and I think it might be appropriate to get her comments on the bill and reserve testimony on the technical aspects of the bill until we have a committee substitute bill ready for consideration.

The final bill will truly be a cooperative effort supported by industry and regulators which will benefit the insurance buying public.

**Senate Bill: SB 168**

**Short Title: Property/Casualty Insurance Regulation**

**Sponsor: Labor & Commerce Committee**

**Current Version: SB 168**

**Contact: Jane Alberts, 465-4843**

### **Summary:**

- Modernizes Alaska Insurance code regarding the filing of rates and forms with the Division of Insurance.
- Allows option of File and Use method of rates/forms filings to existing Prior Approval method.
- Establishes 10% plus/minus flex-band for rate filings
- Clarifies DOI regulatory oversight and authority for consumer protection and industry solvency

### **Benefits:**

- Creates a regulatory environment that gives insurance companies incentive to participate in the Alaska market, while assuring strong regulatory oversight and authority to protect public interests.
- Allows better use of DOI resources to perform necessary functions of the Division staff

### **Background**

- Insurance Regulatory Modernization was one of the stated goals for the Department of Commerce & Economic Development in the Administration Transition report. The Division of Insurance, industry trade associations and carriers have been working toward that goal in a series of meetings since the end of last year's Legislative Session. SB168 is the result of that effort to reach a consensus bill that takes into account the particular aspects of the Alaska marketplace.



Alaska State Legislature

Senator Con Bunde  
Senate District P

Vice Chair Senate Finance Committee  
Chair Senate Labor & Commerce Committee

## **SB 168 Property/Casualty Insurance Regulation Sponsor Statement**

Changes to the Alaska insurance code proposed in Senate Bill 168 are the results of a cooperative effort by the Alaska Division of Insurance and representatives of the insurance industry. Numerous meetings and discussions over the last year between regulators, industry trade associations and individual companies that operate in Alaska led to this consensus legislation. If adopted, SB168 would follow the lead of many states to meet both regulator and industry goals to modernize insurance regulation.

Insurance regulatory modernization seeks to accomplish several purposes. The changes would put in place a system that will stimulate competition on products and rates, to the benefit of consumers and insurance companies. The new system makes the Alaska market more attractive to insurers, giving more companies an incentive to participate in our state. The changes will allow better utilization of DOI resources to protect consumer interests, industry market conduct and solvency by clearly defining appropriate regulatory oversight and authority of DOI.

**Sponsor Statement**

**SB**

**169**

**SENATE COMMITTEE REPORT  
First Committee of Referral**

ATE: 4/11/05

FURTHER:

Date of 5-Day Notice: \_\_\_\_\_  
in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Labor and Commerce Committee considered SENATE BILL NO. 169

**SB 169 WORKERS' COMPENSATION RECORDS**

"An Act relating to release of information in individual workers' compensation records for commercial purposes."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

<b>CS Senate Bill:</b>
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title
<b>SCS House Bill:</b>
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Title Change
<input type="checkbox"/> New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Bettye Davis</i>	x			
<i>[Signature]</i>	x			
<i>[Signature]</i>				
CHAIR: <i>[Signature]</i>	x			



# ICICLE

April 18, 2005

Senator Con Bunde, Chair  
Senate Labor and Commerce Committee  
Alaska State Legislature  
Juneau, Alaska 99801

Dear Senator Bunde and Members,

On behalf of Icicle Seafoods, Inc., I wish to express our support for SB 169, an act relating to the release of information in individual workers' compensation records for commercial purposes.

It came to our attention this past winter that personal information regarding employees who file workers' compensation claims has been released by the Alaska Dept. of Labor for commercial purposes. A private party outside of Alaska has been requesting the names and addresses of injured workers. They then use this private information for direct marketing purposes.

Knowing the Alaska Dept. of Labor has been releasing personal information from their database of injured workers is incredibly disturbing. With the onslaught of identity theft and increasing concern over our right to privacy, this information should not be disclosed without the consent of the person the information is about.

We find this practice objectionable, as do some of our employees who have contacted us after receiving solicitation letters from a Michigan law firm. The administration has since ceased this practice but a change in statute is clearly needed to ensure sustained protection.

I urge you to support SB 169. Thank you for your consideration.

Sincerely,

Kris Norosz  
Government Affairs

**PETERSBURG FISHERIES**

A DIVISION OF ICICLE SEAFOODS, INC.

P.O. Box 1147 • Petersburg, AK 99833 • Tel: 907-772-4294 • Fax: 907-772-4472

April 15, 2005

Senator Con Bunde, Chair,  
Senate Labor & Commerce Committee  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 99801-1182

Dear Senator Bunde and Committee Members,

My name is Hyo R. Kim and I have been an Alaska resident for over 27 years. Approximately 5 months ago, I received a letter from an out of state attorney that somehow learned of an injury I had at work. He indicated in his letter that if I contacted his firm, they could possibly get me more money for my injury.

I called the attorney to find out what this was about and how he had access to my personal information. During our conversation, the attorney asked me many questions about how I was injured, what the injury was, etc. After talking, the attorney indicated that he could not do anything for me since the injury was not substantial. I got the feeling he thought there was not enough money for him to get involved.

I asked him how he was able to get my personal information and he basically said he had his sources in the State of Alaska. This really bothered me since I really don't want people other than those that I approve of having access to my personal and private information. This especially concerns me the most now that there are so many cases in the news of identity theft and fraud.

After discussing with my friends the conversation I had with this attorney, I learned that he most likely got my personal information from the Workers Compensation Board and the Alaska Dept. of Labor. If this is the case, it irritates me a lot as I do not want people to have access to my private information and I assumed that what I filled out on the Alaska Workers Compensation forms was confidential.

I am very surprised the State of Alaska would allow this information to be released about its residents. My injury is my private concern and should only involve me, my employer, my doctor, my family and not an out of state attorney. I ask you to please take the appropriate steps to make sure this does not happen again in the future.

Sincerely,



Hyo R. Kim  
P.O. Box 705  
Petersburg, Alaska 99833

# ALASKA STATE LEGISLATURE

SENATOR  
**Gene Therriault**  
119 N Cushman Suite 101  
Fairbanks, Alaska 99701  
(907) 488-0857  
FAX (907) 488-4271



While in Juneau  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-4797  
FAX (907) 465-3884

Senate  
Senate District 17

Senate Bill 169                      "An Act relating to release of information in individual workers' compensation records for commercial purposes."

SPONSOR:    Senator Gene Therriault

## SPONSOR STATEMENT:

Today, there is a gap in the Workers' Compensation Act that opens up a portal into the privacy of injured workers who have filed a claim with the Division of Workers' Compensation. Senate Bill 169 seeks to close this opening to prevent the "mining" of division records for commercial purposes such as investment solicitations and credit agencies.

Currently, the Workers' Compensation Act makes it a misdemeanor to solicit employment for a lawyer or oneself regarding a compensation claim [AS 23.30.260(2)]. Although that statute prohibits certain solicitation activities, it does not clearly provide the division with the authority to decline to produce information for commercial endeavors. Senate Bill 169 will clarify the division's ability to refuse to assist in illegal conduct and provide guidance to division conduct.

SB 169 is not intended to prohibit disclosure of public record information regarding a specific claim to a newspaper reporter, an insurer seeking the names of employers who are uninsured for purposes of soliciting contracts to provide workers' compensation insurance (as these employer coverage status is not in respect of a claim). Nor would it prohibit an investigator for a law firm representing an injured worker asking, pursuant to a valid discovery order or other authorized discovery process, for information regarding other claims that are relevant to an on-going claim for compensation. This provision does not alter other subsections providing that medical and vocational reemployment records in a claim are not public records.

In an age where information is king and privacy fleeting, Senate Bill 169 closes an information loop-hole to protect the privacy of Alaska's injured workers.



## Alaska State Legislature

Senate Majority Web: [www.akrepublicans.org](http://www.akrepublicans.org)

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Sponsor: Senator Gene Therriault

Current Version: SB 169

Contact: Joe Balash, 465-4797

### Fact Sheet for: Senate Bill 169

Short Title: WORKERS' COMPENSATION RECORDS

#### Summary:

- Prohibits the Division of Workers' Compensation from assembling or providing information contained in individual workers' compensation files for commercial purposes outside the scope of the Workers' Compensation Act.

#### Benefits:

- Prevents the "mining" of Division of Workers' Compensation records for commercial purposes such as investment solicitations or credit agencies.
- Protects the privacy of individuals who have filed a claim under the Workers' Compensation Act.
- Provides guidelines to Division of Workers' Compensation employees and strengthens their ability to refuse to assist in illegal conduct.

#### Background:

- Currently, the Workers' Compensation Act makes it a misdemeanor to solicit employment for a lawyer or oneself regarding a compensation claim [AS 23.30.260(2)]. Although that statute prohibits certain solicitation activities, it does not clearly provide the division with the authority to decline to produce information for commercial endeavors.

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB169-DOLWD-WC-04-15-05  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
 Title: Workers' Compensation Records RDU: Workers' Compensation  
 Component: Workers' Compensation  
 Sponsor: Senator Therriault  
 Requester: Senate Labor & Commerce Component Number: 344

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: None  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill would prevent the division from compiling or providing information about individual workers' compensation files for commercial use. There is no anticipated fiscal impact to the department as a result of this legislation.

Prepared by: Paul F. Lisankie, Director Phone: 465-6059  
 Division: Workers' Compensation Date/Time: 4/15/05 1:34 PM  
 Approved by: Greg O'Claray, Commissioner Date: 4/15/2005  
 Agency: Department of Labor and Workforce Development

**SB**

**173**

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB173-LAW-Trans-4-22-  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: LAW  
 Title "An Act relating to the requirements to qualify RDU CIVIL  
as a newspaper in which notices of property sales are...." Component Transportation  
 Sponsor Senator Cowdery  
 Requester Senate Labor and Commerce Component No. \_\_\_\_\_

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other - Regulatory Cost Charge						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill removes the requirement that a "newspaper of general circulation" must hold a second class mailing permit for the United States Postal Services. The statute AS 09.35.140 relates to the sale of property on execution requirement that notice of such sales be advertised in a newspaper of general circulation.

Passage of this legislation will have no fiscal impact on the Department of Law.

Prepared by: Kathryn Daughhete, Director Phone 465-3673  
 Division Administrative Services Division Date/Time 4/22/05 2:58 PM  
 Approved by: Kathryn Daughhete for David Márquez, Attorney General Date 4/22/2005  
 Agency Department of Law

SENATOR  
JOHN J. COWDERY

Anchorage

Committees

Chair: Rules

Chair: World Trade &

State/Federal Relations

Vice-Chair: Transportation

Legislative Council



January - May:  
State Capitol, Suite 101  
Juneau, Alaska 99801 - 1182  
Tel: 907-465-3879  
Toll Free: 888-269-3879  
Fax: 907-465-2069

May - December:  
716 W. 4<sup>th</sup> Avenue  
Anchorage, Alaska 99501  
Tel: 907-269-0222  
Fax: 907-269-0223

Senator\_John\_Cowdery@legis.state.ak.us

### Sponsor Statement

## **SB 173 - "An Act relating to the requirements to qualify as a newspaper in which notices of property sales are published."**

Currently under Alaska statute, before the sale of property on execution can be completed, public notice must be given, so that parties affected by the sale will have proper notice of the pending action. Examples of these sales include properties to be sold to fulfill a financial obligation to the state because of criminal restitution, or properties sold to satisfy a civil judgment to a creditor.

Under AS 09.35.410 this obligation of notice can be fulfilled by "publishing a copy of the notice four times, once a week for four successive weeks in a newspaper of general circulation published nearest to the place of sale." The intent of the statute is to give affected parties adequate notice and the opportunity to comment in a public manner.

This legislation will modify the definition of "newspaper of general circulation." The current definition requires that in addition to being distributed at least once a week for at least 50 weeks each year within the judicial district, the newspaper has a total paid circulation or paid distribution of at least 500 copies, or 10 percent of the total population of the judicial district, in addition, the newspaper is not published primarily to distribute advertising; is not intended for a particular professional or occupational group and must also hold a second class mailing permit from the United State Postal Service.

The required second class mailing permit is only given to newspapers with 50% of their circulation paid for by subscriptions. Free newspapers that have broad circulation, appeal and ample exposure are not able to post these notices because they do not qualify under the statutory definition. SB 173 addresses this issue by removing the second class mailing permit requirement from the definition of "newspaper of general circulation" under AS 09.35.410.

The intent of AS 9.35.410 is to inform the public of a pending sale and it is a logical, and progressive step to allow free accessible publications the ability to post these important public notices.

Sponsor Statement



## Alaska State Legislature

**Senate Majority** Web: [www.akrepublicans.org](http://www.akrepublicans.org)

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**Sponsor:** Senator John Cowdery  
**Current Version:** SB 173  
**Contact:** Ryan Makinster, 465-3879

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### Fact Sheet for: Senate Bill 173

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**Short Title:** NEWSPAPER PROPERTY SALES NOTICES

**Summary:**

- Modifies the definition of "newspaper of general circulation" for the purpose of placing a public notice about the sale of property to fulfill a civil or criminal court order.
- Removes the second class mailing permit requirement from the legal definition of "newspaper of general circulation."
- Allows free publications to carry public notices.

**Benefits:**

- Informs more residents by allowing free publications to carry public notices.

**Background:**

- Current Alaska law carries a narrow definition for "newspaper of general circulation." SB 173 amends the law by removing the second class mailing permit requirement to allow publications distributed free of charge to carry public notices. Publishing the notices in newspapers is required by law whenever a criminal or civil court orders the sale of property to meet a financial obligation.

## **4.0 Basic Eligibility Standards**

### **4.1 Second Class Mail**

Effective July 1, 1996, second-class mail was renamed Periodicals. [E211.1.1]

### **4.2 Qualification Categories**

All Periodicals publications must be authorized Periodicals mailing privileges under one of five qualification categories (general publications, publications of institutions and societies, publications of state departments of agriculture, requester publications, and foreign publications). These publications are subject to the general standards below and the standards for each respective category. [E211.1.2]

### **4.3 Eligibility Categories**

Only newspapers and periodical publications meeting the mailability standards in 601 and the general and applicable specific standards in 4.0 through 15.0 and 28.0 may be authorized mailing at the Periodicals rates. [E211.1.3]

## 6.0 Qualification Categories

### 6.1 General Publication

#### 6.1.1 Basic Standards

General publications must meet the applicable basic standards for Periodicals in 4.0 through 9.0 and 11.0 and must be originated and published to disseminate information of a public character or be devoted to literature, the sciences, art, or some special industry. [E212.1.1]

#### 6.1.2 Circulation Standards

General publications must meet these circulation standards:

- a. General publications must have a legitimate list of subscribers who have paid or promised to pay, at more than a nominal rate, for copies to be received during a stated time.
- b. Records for subscriptions to a publication obtained with subscriptions to one or more other publications must be kept so that individual subscriptions to each publication, by title, can be verified.
- c. Persons whose subscriptions are obtained at a nominal rate and those whose copies bear an alternative form of address must not be included in the legitimate list of subscribers. These copies must be treated as nonsubscriber copies, subject to the applicable rate.
- d. Subscriptions may be paid for with dues or contributions, if the dues or contributions and the subscription price are separated to show compliance with 6.1.2, including the amount paid for the subscription. The USPS may require evidence of compliance (e.g., the forms used to obtain payments for dues and subscriptions). For example, dues statements would read: "Annual membership dues of [\$] include [\$] for a 1-year subscription to [Title]."
- e. To determine whether a subscription is genuine, it must be so separated from all other business transactions as to constitute a distinct, voluntary, and independent act. Publishers must be able to show that subscriptions to their publications are voluntary, that the subscription price is paid or definitely promised, and that the relationship of subscriber is understood and agreed to.
- f. At least 50% of a publication's distribution must be to persons who have paid above a nominal rate. Nominal rate subscriptions include those sold at a subscription price so low that the rate cannot be considered a material consideration; or at a reduction to the subscriber (under a premium offer or any other arrangement) of more than 50% of the basic annual subscription rate that would entitle the subscriber to receive one copy of each issue published during the subscription period. The value of a premium is considered its actual cost to the publisher, its recognized retail value, or its represented value, whichever is highest.

g. Publications primarily designed for free circulation and/or circulation at nominal rates may not qualify for the general publications category. For this standard, the distribution of all copies of a publication is considered, whether circulated in the mail or otherwise. Publications are considered primarily designed for free circulation and/or circulation at nominal rates when more than 50% of all copies circulated are:

1. Provided free of charge to the ultimate recipients;
2. Paid for at nominal rates by the ultimate recipients;
3. Addressed with an alternative form of address; or
4. Intended by the publisher to be circulated for free and/or at nominal rates. [E212.1.2]

## **4.0 Basic Eligibility Standards**

### **4.1 Second Class Mail**

Effective July 1, 1996, second-class mail was renamed Periodicals. [E211.1.1]

### **4.2 Qualification Categories**

All Periodicals publications must be authorized Periodicals mailing privileges under one of five qualification categories (general publications, publications of institutions and societies, publications of state departments of agriculture, requester publications, and foreign publications). These publications are subject to the general standards below and the standards for each respective category. [E211.1.2]

### **4.3 Eligibility Categories**

Only newspapers and periodical publications meeting the mailability standards in 601 and the general and applicable specific standards in 4.0 through 15.0 and 28.0 may be authorized mailing at the Periodicals rates. [E211.1.3]

## 6.0 Qualification Categories

### 6.1 General Publication

#### 6.1.1 Basic Standards

General publications must meet the applicable basic standards for Periodicals in 4.0 through 9.0 and 11.0 and must be originated and published to disseminate information of a public character or be devoted to literature, the sciences, art, or some special industry. [E212.1.1]

#### 6.1.2 Circulation Standards

General publications must meet these circulation standards:

- a. General publications must have a legitimate list of subscribers who have paid or promised to pay, at more than a nominal rate, for copies to be received during a stated time.
- b. Records for subscriptions to a publication obtained with subscriptions to one or more other publications must be kept so that individual subscriptions to each publication, by title, can be verified.
- c. Persons whose subscriptions are obtained at a nominal rate and those whose copies bear an alternative form of address must not be included in the legitimate list of subscribers. These copies must be treated as nonsubscriber copies, subject to the applicable rate.
- d. Subscriptions may be paid for with dues or contributions, if the dues or contributions and the subscription price are separated to show compliance with 6.1.2, including the amount paid for the subscription. The USPS may require evidence of compliance (e.g., the forms used to obtain payments for dues and subscriptions). For example, dues statements would read: "Annual membership dues of [\$] include [\$] for a 1-year subscription to [Title]."
- e. To determine whether a subscription is genuine, it must be so separated from all other business transactions as to constitute a distinct, voluntary, and independent act. Publishers must be able to show that subscriptions to their publications are voluntary, that the subscription price is paid or definitely promised, and that the relationship of subscriber is understood and agreed to.
- f. At least 50% of a publication's distribution must be to persons who have paid above a nominal rate. Nominal rate subscriptions include those sold at a subscription price so low that the rate cannot be considered a material consideration; or at a reduction to the subscriber (under a premium offer or any other arrangement) of more than 50% of the basic annual subscription rate that would entitle the subscriber to receive one copy of each issue published during the subscription period. The value of a premium is considered its actual cost to the publisher, its recognized retail value, or its represented value, whichever is highest.

g. Publications primarily designed for free circulation and/or circulation at nominal rates may not qualify for the general publications category. For this standard, the distribution of all copies of a publication is considered, whether circulated in the mail or otherwise. Publications are considered primarily designed for free circulation and/or circulation at nominal rates when more than 50% of all copies circulated are:

1. Provided free of charge to the ultimate recipients;
2. Paid for at nominal rates by the ultimate recipients;
3. Addressed with an alternative form of address; or
4. Intended by the publisher to be circulated for free and/or at nominal rates. [E212.1.2]

# anchorage PRESS

ORDER#	Press	Return	Location	Address	Comments
1			Press Office	540 E. 5th Ave.	13 bundles (One w/inserts if inserted)
2	250		NEW SAGAYA City Market**	13th & I	rack in entry
3	50		INLET TOWERS	1200 L Street	entry
4	15		CILANTRO'S	9th & F	yellow house-at bar leave bundled if closed
5	70		DARK HORSE COFFEE	7th & F	Red Plastic Box on corner
6	130		HUMPY'S**	610 W. 6th Ave.	wire rack
7	100		HUMPY'S BACK DOOR**	610 W. 6th Ave.	rack under payphones
8	35		PHILIP 66 BLDG	8th & G	Red Multirack on south side
9	30		ANCH. YOUTH HOSTEL	700 H St.	Loose on table
10	70		MARRIOTT	7TH & H	Red Plastic Box
11	45		RED BOX x FROM COOK	I St. & 5th	CLASSIC Red Metal Box
12	30		DOWNTOWN SPIRITS	930 west 5th	wire rack near door
13	30		Corsair Restaurant	944 W. 5th	278-4502
14	35		HOTEL CAPT. COOK	5th Ave	Hand to consierge
15	30		MOOSE a la MODE	1001 W 4th Ave	on table near door
16	40		Red Box 4th & K	4th & L	Red Multirack-outside Snow City
17	75		SNOW CITY	4th & L	inside shelf--cloves at 4
18	15		A NOVEL VIEW	415 L St	on counter
19	15		FULL TILT	510 L st	shelf near counter
20	70		HAWTHORN SUITE	L ST & 8TH	Wire Rack-somewhere in lobby
21	75		LA MEX	900 W 6th Ave.	Wire Rack
22	150		BUS STATION RACK	6th & H St 1st floor	near christian book store-center of building
23	90		MUNICIPALITY OF ANCH.**	632 W. 6th Ave	outdoor box
24	30		DECKER/MORRIS	ACPA 6TH Ave & G	wire rack
Subtotal for page 1:					1480

25	30	Savannah's		wire rack new stop
26	10	MERCURY STUDIO	343 W. 6th Ave	outside entrance in mall-- closes at 7
27	180	NORDSTROM'S	5TH AVE & D	outside red box
28	60	5th AVE. MALL/ S.W. DOOR**	5th Ave. Mall	red box outside
29	90	Sassafras	343 W. 6th Ave	
30	100	BERNIES ON D St.	626 D St.	wire rack
31	70	FEDERAL BLDG. NORTH	222 W 7th Ave.	Red Multirack
32	30	ANCH MUSEUM	7th & A St	Red Plastic Box (near corner)
33	45	FEDERAL BLDG./ SOUTH	8th Ave & A St	Red metal box
34	10	ADVANCE TO PAY DAY	6th & Gambell	on counter
35	40	RICE BOWL	6th & Gambell	Wire rack
36	25	CHEVRON	832 E 6th	store news rack
37	10	KINGS-X	1027 East 5th	wire rack
38	30	Econo Lodge	642 E. 5th Ave.	(274-1515)
39	20	MAMMOTH MUSIC	500 E. 5th Ave.	wire rack
40	25	POLAR BAR	507 E 5th	cig machine
41	100	COUNTRY KITCHEN	E. 5th Ave.	entry wire rack
42	45	BLACK MARKET	329 E. 5th Ave.	loose on counter
43	40	KODIAK KAFE		Red multi box
44	25	Tundra Cafe	102 W. 5th Ave.	
45	45	SOUPER BOWL	5th ave mall 4th fl	food court wire rack
46	10	FYE MUSIC (Camelot)	5th Ave. Mall ground fl	leave loose on counter
47	60	5TH AVE. MALL/ N.W. DOOR**	5th Ave. Mall	red box outside
48	30	Beautiful	West 5th Avenue	
49	65	COOK INLET BOOKS	415 West 5th	on the counter please
50	60	Starbucks	Key Bank Building	Wire rack
51	55	Red Box Near Chamber of Commerce	5th & E	Red Box
52	15	KOBUK COFFEE	Corner of 5th & E	outdoor red box: NE corner
53	40	KEY BANK*	601 W. 5th Ave.	Red Plastic Box
54	180	GLACIER BREWHOUSE**	737 W. 5th Ave.	2 wire racks arctic entry
Subtotal for page 2:				1545

55	90	Resturant Orso	737 W. 5th Ave.	Wire Rack
56	30	WESTMARK HOTEL(west of)	5th & G	outdoor red box
57	30	MUNICIPAL COURTHOUSE	4th and H St.	Red Plastic Box
58	25	TERRI-AKI BOX	across from courthouse	*****
59	25	PIONEER CLUB	739 W. 4th Ave.	leave loose on bookshelf
60	15	SOURDOUGH TOBACCO	735 W. 4th Ave.	free newspaper rack (fnr)
61	15	GASLIGHT LOUNGE	721 W. 4th Ave.	leave loose on counter by door
62	50	Red Box	4th & G	
63	75	SIDE ST. ESPRESSO	412 G St.	wire rack
64	20	DARWIN'S THEORY	460 G. St.	leave loose on bar
65	25	UNCLE JOES PIZZA	428 G st	under table
66	35	AURORA ARTS	5th & G	Red box on G at 5th
67	15	SUBTERRENAEA	608 W. 4th Ave	upstairs loose on bookshelf
68	50	VISITORS CENTER (AVC)**	4th & F St.	red box on sidewalk
69	55	DOWNTOWN DELI	545 W. 4th St.	Wire Rack
70	35	RED BOX 4TH & E SW CORNER	block east of AVC	red box on sidewalk
71	15	RUMRUNNERS	4th and E	on cig. Machine
72	40	SWEET BASIL CAFE	335 E. St.	little red wagon
73	15	AK SALMON CHOWDER HOUSE	445 W. 4th Ave.	ledge to the right of 4th Ave door
74	30	CYRANO'S PLAYHOUSE	413 D. St.	Wire Rack
75	25	BLONDIES CAFE	333 W 4th Ave	red multirack on sidewalk
76	15	The Avenue Bar	4th Ave	ledge at widow
77	15	LUCKY GROCERY & DELI	326 w. 4th	zine display rack by counter
78	20	WHITE SPOT	109 W 4th btwn A & B	table-ONLY 10 or they throw them
79	60	Indigo Furniture	233 East 5th Avenue	
80	25	LOOY FOOY'S Corner Market		window ledge
81	10	C & M USED BOOKS	215 E. 4th	wooden rack inside
82	180	La Cabana	317 E. 4th	New Stop--272-0135
83	30	RAVEN BAR	708 E 4TH	wire rack
84	25	Oscar's	3rd & Post	***New stop***
Subtotal for page 3:				915

84	35	ALASKA SPIRITS LIQUORS	1100 Gambell	wire rack
85	150	CARR's*	1340 Gambell	multirack
86	60	OAKEN KEG*	Carr's/Gambell	inside left of door
87	20	CROSS RD./HOLE IN WALL	Gambell & 13th	at top of stair by Big TV
88	35	SULLIVAN ARENA	get before 4:00	(WRI) NW entrance
89	30	BENBOKE ICE RINK	Main Entrance	Wire Rack west door
90	25	Pete's City Gym	435 W. 10th Ave.	(between Arctic & C) 276-6351 --New Stop--
91	25	Club Millennium	420 W. 3rd Ave.	277-1428--NEW STOP
92	40	the WOOL SHED	535 3rd Ave.	small blue rack
93	160	SNOW GOOSE REST.**	717 W. 3rd Ave.	2 wire racks
94	20	KENDO's FOOD TRAILER	349 E. Ship Creek Ave	red outside box
95	20	COMFORT INN*	111 W. Ship Creek	yellow WIRE RACK
96	25	TESORO	Government Hill	store news rack
97	20	DYNASTY	809 E LOOP ROAD	wire rack
98	20	SKI & BENNY'S PIZZA	Bilbo St.	wire rack
99	20	CHINA TOWN	X FROM DOULBE J	chair near door
100	10	MAD MYRNA's	Next to The Press 510 E 5th	opens at 3 PM
101	10	Anchorage Grand Hotel	505 W. 2nd Avenue	place in lobby--New Stop
TOTAL		4665	Subtotal for page 4:	725

# one/horage PRESS

ORDER	Press	Returns	Location	Address	Press Comments
1	75		Pizza Man--ER		
2	25		Pachamoma Café	16535 Artillery Rd., Eagle River 99541-8414	NEW STOP
3	60		EG RIV: Walmart		
4	60		EG RIV: BROWN JUG	near Texaco	wire rack
5	30		Shines		
6	30		EG RIV: JITTERS COFFEE	Eagle Rv. Shop Cntr.	media rack
7	30		EG RIV: BOSCOES	in the Jitter's mall	on candy mach. in store
8	75		EG RIV: NORTHSLOPE REST **	11501 Old Glenn	wire rack
9	40		Chepo's		
10	40		SLEEPING DOG COFFEE	Old Glenn	on bench or bookshelf
11	45		Thai Siam--ER		
12	3		Tan Hut--ER		
13	10		Indoor Golf--ER		
14	60		EG RIV: BLOCKBUSTER*	Business Blvd	store multi rack
15	60		Eagle River Bowl	12130 Regency Drive	Behind Blockbuster
16	5		PARTNER'S REAL ESTATE	Business Blvd	wire rack
17	15		Schwabenhof	Mile 7.5 Palmer-Wasilla Hwy--Wasilla, AK 99654	
18	60		GARCIAS RESTAURANT	Business Blvd	wire rack near bathrooms
19	75		EG RIV: CARRS		store multi rack-near café
20	45		GREAT ALASKA TOBACCO	Carr's mall annex	wire rack
21	15		Great Alaskan Pizza	11432 Business Blvd., 694-3733	NEW STOP
22	20		Soupies--ER		
23	20		River City Saloon--ER		

24	20	JD's BBQ	12400 Old Glenn #4 649-9477	NEW STOP
25	30	Tips	12349 Old Glenn Hy. (ER) 694-2372	NEW STOP
26	80	Fred Meyer	13401 Eagle River	NEW STOP
27	30	ALICE MAE'S	Chugiak right on north Birchwood right on Old Glen	Liquor store entry blue rack
28	70	BURKHART'S GAS	Old Glen-Butte 1m past amber light	ADN rack
29	15	Valley Hotel	Colony Way	needs stand!!!
30	55	Vagavon Blues Mall entrance	Colony Way	hall rack
31	70	Vagavon Blues Coffee	Colony Way	under counter
32	10	Fireside Books	720 Alaska St.	
33	15	MAT-SU BURROUGH OFFICE	across tracks	blue rack
34	15	Moose Head Saloon--Palmer		

35	25	Klondike Mike's	Colony Way alley	on ledge going out back door
36	15	Palmer Bar		
37	10	Gold Miner Hotel		rack by office
38	45	Neighborhood Video	Colony Way--Key Bank Plaza	rack
39	15	Great Alaskan Pizza Co. --Palmer		
40	10	The Backdoor Laundry	Colony Way alley	table
41	110	Palmer Post Office	Palmer 2 blocks behind Valley Hotel	red press box-stuff it full
42	50	CARRS/OAKEN KEG	Glenn Hwy & Palmer-Wasilla Hwy	
43	10	RW Hamburger House	Palmer-Wasilla Hwy right side	on top display case
44	10	Coffee Next to RW's	Palmer-Wasilla Hwy.	
45	30	Mom & Pop	Palmer-Wasilla Hwy right side	wire rack near liquor store
46	10	BAGELS ALASKA	Palmer-Wasilla Hwy right side	counter
47	10	Beehive Beauty Shop	3900 Steven Drive, Wasilla 90667*376-2175*open til 8p.m.	Behind service maker on Palmer Wasilla Hwy. ***Bright pink house***
48	10	Bean Me Up Coffee	Palmer-Wasilla Hwy left side Regan Building	near valley lane
49	10	Hair Salon	Right side Parks Hwy	first store in Texaco strip mall
50	45	Valley Country Store/Texaco	Right side Parks Hwy	real estate rack-black
51	25	Wasilla Bar	Right side Parks Hwy	bouncer's door station
52	75	Windbreak Cafe	Right side Parks Hwy	wire rack outside
53	80	Fred Meyer	1501 Pks. Wasilla	NEW STOP
54	20	Digital Cup	1451 E. Parks Hwy., Suite 102 -373-2777	by RW Hamburger House-Wasilla
55	30	RW Hamburger House-Wasilla	just past Fred Myer-gray house on bike	just inside door
56	45	La Fiesta Mexican Rest	Bogard Road	rack
57	35	Wash Day Laundry Mat	between NAPA & Carr's Mall	table
58	110	Carr's	carrs mall	By Customer Service
59	35	Oaken Keg	carrs mall	ask
60	45	Kaladi Coffee	carrs mall plaza	wire rack
61	50	Blockbusters	591 E. Parks Hwy-Wasilla	large rack exitway

62	3	MatSu Tatoo	224 Yenlo St., Suite 3B--off Parks Hwy.	Behind Subway
63	30	Meta Rose Square--Wasilla		
64	60	Great Bear Brewery	Parks Hwy-	blue rack inside
65	25	Valley Bistro	one block off Parks/"Telands" on sign	table
66	5	Budget Music	Behind Black Bear	NEW STOP
67	60	Mug Shot Saloon--Wasilla		
68	45	Maxies--Wasilla		
69	20	2K1 NEAT THINGS	Parks Hwy Frontier Mall by mug-shot saloon	rack
70	20	Valley Performing Arts Center		
71	75	Brown Jug--Wasilla		
72	35	DENALI STEAKHOUSE	Parks Hwy	wire rack
73	30	Mekong Thai--Wasilla		
74	25	Chepo's--Wasilla		
75	25	BOREALIS BEACH CLUB	Parks Hwy mile 49	cashier counter
76	80	BIG LAKE POST OFFICE	8 miles north 4 miles west of Wasilla	window ledge
77	15	Mahomes		
78	20	Big Lake Lodge(on lake shore)	8 miles north 4 miles west of Wasilla	rack inside
79	25	YUKON BAR-D-Q	Parks Hwy Rt. side south bound	counter
80	30	ROADSIDE INN	Parks Hwy Rt. side south bound	blue rack
81	20	MILE 49 CAFÉ or Post Office	Parks Hwy P. side south bound	wire rack/ wood talkeetna paper
82	15	Meadow Lakes Pizza		
83	5	Matanuska Music	Creekside Plaza	keyboard stand near door
84	45	Cadillac Cafe	Sullivan & Mile 49 Parks Hwy	
85	3	Tanning Hut	Creek Side Plaza	NEW STOP
86	60	Walmart	seward meridian/parks	red box
87	40	Save 'U' More	on right parks hwy	black box
88	120	Carrs /Mile 43 Parks Hwy	Mile 43 Parks Hwy	

TOTAL: 3209

# anchorage PRESS

ORDEF	Press	Returns	Location	Address	Press Comments
1	250		Airport RENTAL CARS**	coming from parking	wood rack
2	150		Airport BAGGAGE CLAIM**	near escalator	wood rack
3	200		Airport BAGGAGE CLAIM	near ERA/PENAIR	wood rack
4	250		Airport TICKET COUNTER	near shoe shine	wood rack
5	100		Airport NORTH TERM-near doors	south end	wood rack
6	80		Airport NORTH TERM-BAGGAGE CLAIM	south end	wood rack
TOTAL:					1030

# ANCHORAGE PRESS

ORDER	Press	Returns	Location	Address	Press Info
1	60		SEA GALLEY	4101 Credit Union Drive	wire rack near bathrooms
2	10		TONY ROMA'S	1420 E. Tudor	Wire Rack in bar near fireplace
3	25		LILY'S RESTAURANT	1440 E. Tudor	Wire Rack east side
4	10		DENALI WINERY	1301 E. Dowling	counter
5	10		KZND	907 E DOWLING #24	rack by door
6	10		Y2K LIQUOR	Dowling & Old Seward	yellow wire rack
7	10		REALLY NEAT STUFF	6140 Old Seward	WIRE RACK
8	15		EDDIE'S SPORTS BAR	6300 Old Seward	wire rack
9	30		HARELY CAFE	7550 Old Seward Hwy	if closed, at front door
10	45		ASIAN GARDEN	7828 Old Seward Hwy	
11	25		Al's Alaskan Inn	7830 Old Seward Hwy	New Stop--344-6223-
12	60		Little New Orleans	8201 Old Seward Highway	New Stop--646-2226-
13	40		Sportsman's Warehouse	8681 Old Seward	Rack inside door
14	120		Gold Rush Liquor	8681 Old Seward	Rack inside door
15	50		BLOCKBUSTERS	8840 Old Seward Hwy	wire rack
16	15		PERFECTIONIST	80 E 82nd Ave	behind carrs
17			recycling drop	BEHIND NAPA	
18	55		SICILY PIZZIA	Dimond/Old Seward	wire rack
19	40		LA MEX	King St.	behind ak usa
20	85		COSTCO (bundled for Kodiak Cost Sa	Dimond	should be dropped near front door
21	20		MAMMOTH MUSIC	300 E. Dimond	small rack near CD
22	30		O'BRADY'S	Dimond Center	Wire Rack in mall
23	30		MERMAIDS IMPORTS	Dimond Center	Wire Rack
24	55		BROWN JUG	Dimond Ctr. E lot	wire rack
25	50		TACO DEL MAR	Dimond Ctr. E lot	corner for now
26	100		BOHDER'S BOOKS	Dimond/Old Seward	cn floor by registers
27	70		STARBUCKS	1005 East Dimond	
28	70		GALLO'S	Old Seward	on candy machine
29	25		Laroma Bakery	9900 Old Seward	wood shelf
30	15		Bangkok House	9191 Old Seward Hwy.	wire rack
31	20		TESORO SPORT CENTER	behind Wee Bee's	wood rack by door
32	40		Light Speed Lube/VINACHI CAFE	1000 O'Malley Centre Court	wire rack ( Old Seward & O'Malley)
33	35		BRADLEY HOUSE	Old Seward	wire rack
34	50		Value Liquor	11580 Old Seward	RED BOX
35	80		JUDY'S CAFE	11620 Old Seward	wire rack in entry
36	30		UNCLE JOE'S PIZZA	11700 Old Seward	wire rack
37	80		BLOCKBUSTERS	12350 Industry Wy	wire rack
38	5		Primary Care	12350 Industry Way, Suite 161	Corner of Huffman & Old Sewrad

39	15	PARAMOUNT CYCLES	1320 Huffman Pari. Drive	
40	100	SOUTH SIDE BISTRO	1320 Huffman Park Drive	wire rack
41		recycle	carr's parking lot	
42	15	CLEANING WORLD	1120 Huffman-Huffman Sq.	wire rack
43	50	Espresso Bar	1120 E. Huffman Rd.	RED BOX
44	15	BELLS NURSERY	13700 Specking	on coffee counter
45	120	CARRS	1501 Huffman	Multirack
46	10	PETER GLEN SPORTS at Castle on C	1520 O'malley	wire rack
47	80	GCI Store	1901 Abbott Rd.	
48	50	FRED MYER'S	2300 Abbott Rd	multirack lowest shelf-***complaint about old papers left***
49	15	Café Del Mundo	2278 Abbott Rd, Space #3	Needs rack
50	60	Blockbuster Video	2220 Abbot Rd.	multirack
51	50	Coffee Kats	2101 Abbot Rd. #6	past Chilis---- Red Box
52	60	BROWN JUG	2101 Abbott	wire rack
53	15	FLYING DUTCHMAN BAKERY	2101 Abbott	on counter
54	30	LAUNDROMAT	2101 Abbott	TABLE
55	100	CARR'S	1725 Abbott	south entrance
56	35	LONG BRANCH SALOON	1730 E DIMOND	wire rack
57	95	KALADIS	6921 Brayton Dr.	left side back room
58	40	Café Europa/Studio 68	68th & Lake otis	New Stop, e .k inside
59	35	TESORO	68th & Lake otis	news rack right of door
60	20	Pinnacle Mt. Bike	6300 Lake Otis	Wire Rack
61	50	LOS ARCOS MEX REST.	2000 E. Dowling	candy machine/wire rack
62	90	PARTY TIME GROCERY	5520 Lk Otis Pkwy	yellow rack in entry
63	20	Good Karma	Dimond Blvd.	
64	20	Gun Runners	Dimond Blvd.	
65	20	Fishing Supply	Dimond Blvd.	
66	20	I Luv Sushi-	Abbott & Lake Otis	rack by door
67	120	Kaladi Bros.	Old Seward & Huffman	rack by door
68	15	Hillside Vet clinic	Abbot Road	

TOTAL: 2885

Order #	Phone	Address	Location	Address	Comments
1	25		Loft Pubs and	200 W. 38th Ave. Suite 18	New light directly across
2	35		THE MOLE LOOK	2817 Dawson St	corner of Dawson and Dawson
3	50		TACO DEL MAR	Longton	corner for new
4	40		KEY BANK	W. 17th St. C	W. 17th St. north
5	25		Golden Harvest Tap	N. 17th St. C	W. 17th St. north
6	80		OCI Bow	2800 C Street	New Tap
7	35		BARBER & MOBILE	200 E. No. 1st	Shed in rear yard
8	45		POWERHOUSE GYM	202 E. No. 1st	New rack
9	110		RECYCLUSTER	208 E. No. 1st	new rack
10	80		CAFE DEL MUNDO	241 E. Benton	New rack
11	30		CAFE ABSTEADAM	530 E. Benton	Shed on shed
12	45		METRO BOOKS	530 E. Benton	Shed near rack (NEED RACK)
13	120		Great Harvest Bread Co	530 E. Benton	New rack
14	30		THE LOOK	530 E. Benton	New rack
15	10		THE SPORTS SHOP	530 E. Benton	New rack
16	30		WENDYS	Benton & Board Hwy	New box
17	30		CARRETT'S RESCUE	2011 New Board Hwy	New news stand
18	40		THE CENTER FOR REVISION IMAGE	7110 E. Northern Light	Shed not to the right of shed at door
19	40		KAFOS	7210 E. N. 1st	New box
20			1/2 a dog at elementary school	1/2 One at Overlook	
21	50		CHARTER COLLEGE...Be sure to pick up returns...	2221 E. No. 1st	There is a company. Please to move the light next to the building. There is
22	20		O'BRIEN BEAN CAFE	801 E. NORTH BURN LIGHT	Shed
23	20		Northern Light Habitat Shop	103 W. Northern Light Blvd	Northern Light B sign
24	15		THE OFFICE LOUNGE	545 E. Northern Light	updates
25	80		CLARK'S	545 E. No. 1st	New Habitat
26	110		Harvey Lawer	52 Arts Mall	New rack. New. Clark's City
27	20		DEMAIL TOWER	2250 DE MAIL ST 2507	TYPER Cup

28		RECYCLE DROP OFF BOX CANS	SEARS MALL	
29	80	CASA GRANDE	201 E. 1st Ln.	with area under front of doors
30	50	Wheat Oven	113 W. 1st Ln.	with area under front of doors
31	40	Chick's Bakery	127th St W.	with in driveway
32	50	TACO KING	113 W. 1st Ln.	on the yellow machine
33	150	NASSA BOWL INC.	113 W. 1st Ln.	with area
34	15	ANIELLA 5th Street Inn	2805 5th St	with area
35	60	CHEF'S PANTRIES CENTRAL	523 W. 1st Ln.	with area
36	100	HOOD BROS.	104th W. 1st Ln.	with area under M & A
37	80	BROWN'S	523 W. 1st Ln.	with area
38	65	COLE LA VIGNY	W. 1st Ln.	with area
39	30	O'Connell Bar	317 W. 1st Ln.	on back of bar
40	30	O'NEEK CORNER	320 W. 1st Ln.	on ground machine
41	500	BOOY FRIENDS UNLIMITED	Freeland & C St	
42	20	STRAIGHT OUT OF PHILLY	Freeland & Gordon	with area
43	25	Porter's Cheesecake	345 W. 1st Ln.	with area
44	30	STEVE'S B&D	602 E. 1st Ln.	with area - on table & table by door
45	30	Two Two Seven	Freeland & Freeland	
46	20	FRENCHED CHEVYON	2500 Stewart Hwy	with area by counter
47	20	DAVE & MARGIE'S FOOD SERVICE	30th VECO Bldg (1st Flr)	with area under
48	25	THAI HOUSE	1st Street & 20th	with area
49	25	HYPERSTWARD BLDG LINE	3379 Freeland St	with area & table machine under the counter
50	25	PAUL'S B&D		
51	30	SALON DAVINCI	602 E. 20th Street	
52	150	SUNSHINE GRILLE	road to mountain town	
53	200	MOORE'S TOOTH	3300 1st Street	with area
54	250	KALADI BROS-NEW SMOYVA	3700 1st Street	with area with
55	125	NATURAL PANTRY	University Center	with area with
56	40	YACON SPIRIT LODGE	University Center	with area
57	55	HEIN CALDWELL	University Center	with area under
58	50	HARRY'S EBBE 550 SHOP	1011 E. 1st Ln	US Post & window sign. no sign
59	20	TIME OUT LOUNGE	400 1st Street	with area

60	40	HOT RODS	4848 Old Seward	wire rack
61	70	GREAT AIR BUSH CO	4631 E 1st, Airport Rd	wire rack in entrance
62	30	ALASKA ROCK GYM	4840 Fairbanks	shelf near bathrooms
63	25	SID'S DELI	5445 Old Seward	
64	120	PEANUT FARM	5227 Old Seward	wire rack only
65	20	AAA 1 SUBARU	4617 Old Seward	wire rack
66	10	LA LUNA CAFE	4200 Old Seward B-1	coffee counter
67	100	BROWN JUG Warehouse	4140 Old Seward	red multi box
68	95	HOOTERS	701 Tudor	
69	80	WOP	Tudor	
70	18	LOUISBAC LIBRARY	3800 Daniel	B-S RECEIVING Garage door/metal buzzer
71	50	THE BAGEL FACTORY	142 W 34th	wire rack
72	20	CAFE FONTE	224 W 34th	counter near window
73	35	FRONTIER BUILDING	3001 C ST. SUITE 1	lundra cup first floor entry
74	25	Crown Cafe	807 W Northern Lights #1	274-3383-NEW STOP
75	25	Twice Todd Tapes	Northern Lights, Spensard	
76	25	Trensellors	Northern Lights & Eagle	
77	25	Alasta Deli	701 W 36th Ave	New Stop 563 3314
78	25	Shel Station	1501 W Northern Lights	
79	25	Sam Spicy	C & Firwood	
80	50	Coffee Shop	36th & Arto	North west corner--red box
81	50	Waynes Texas BBQ	36th & C	new stop
82	25	Dutch 1-Meals	36th & Arto	NEW STOP
83	25	N. Lights Espresso	1510 W 32nd	W counter
84	20	Istanbul Cafe	640 W 36th	On counter

TOTAL 2868