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Senator Gary Stevens

SPONSOR STATEMENT

SENATE BILL 61

Relating to Claims Against Protection and Indemnity Insurance Policies of Vessel Owners

Access to health insurance and health care is a concern among fishermen and especially presents an obstacle to those younger fishermen seeking to continue the next generation in Alaska's sustainable fisheries.

Alaska's Territorial leaders recognized the significance of the fishing industry in 1951 with the creation the Commercial Fisherman's Fund (CFF) "to provide for the care of sick and disabled fishermen" working in Alaska's fishing fleet.

The fund was capitalized with an initial appropriation of \$5,000 and has since proven successful in serving as workers' compensation for injured fishermen. Benefits paid by the CFF have continued to be financed using a portion of the commercial fishing licensure fees paid to the State. Over the years, the CFF has remained stable as it fulfills the goals of the fund, providing medical relief for crewmen injured on the job. The CFF has in fact grown even as health care costs have risen, due in part to continuing improvements in fishing industry safety.

Meanwhile another protection available for fishing vessels and vessel owners, is their optional enrollment in private Protection & Indemnity (P&I) policy insurance, to fully cover crewmembers in the event of an injury or illness at sea. As an incentive and reward for vessel owners to carry P&I insurance, in 2010 the Alaska Legislature adopted a policy allowing the CFF to pay out 50% of a P&I policy holder's deductible, up to \$5,000, when a claim for benefits is made to both the CFF and the P&I of the vessel owner. The 50% deductible cap was made experimentally to protect the solvency of the CFF.

Consistent revenue from commercial fishing license fees, coupled with well-managed claims against the CFF, have demonstrated an added incentive for vessel owners to obtain P&I insurance is justified. Senate Bill 61 would allow the CFF to pay the full deductible, up to \$5000, for the holder of P&I insurance. This policy shift is not projected to jeopardize the sustainability of the CFF, and should prove to be a win for all stakeholders, including the State of Alaska.

Thank you for your consideration of this important legislation.