

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 8, 2003

2:05 p.m.

MEMBERS PRESENT

Senator Con Bunde, Chair
Senator Ralph Seekins, Vice Chair
Senator Gary Stevens
Senator Bettye Davis
Senator Hollis French

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 95

"An Act relating to strikes by employees of a municipal school district, a regional educational attendance area, or a state boarding school, and requiring notice of at least 72 hours of a strike by those employees."

MOVED SB 95 OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 118(RES) am

"An Act relating to the transportation and sale of certain commercially caught fish by an agent of a commercial fishing permit holder and to the sale of fish; and providing for an effective date."

HEARD AND HELD

SENATE BILL NO. 13

"An Act prohibiting discrimination in insurance rates based on credit rating or credit scoring; and providing for an effective date."

HEARD AND HELD

PREVIOUS ACTION

SB 95 - See HESS minutes dated 3/17/03, 3/24/03 and 4/3/03.

HB 118 - No previous action to record.

SB 13 - No previous action to record.

WITNESS REGISTER

Ms. Jacqueline Tupou
Staff to Senator Lyda Green
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on SB 95 for Senator Green.

Ms. Betty Walter, Superintendent
Kodiak Island Borough School District
722 Mill Bay Road
Kodiak, Alaska 99615

POSITION STATEMENT: Commented on SB 95.

Mr. Mark Torgerson, Administrator
Alaska Labor Relations Agency
Department of Labor & Workforce
Development
PO Box 21149
Juneau, AK 99802-1149

POSITION STATEMENT: Commented on SB 95.

Representative Paul Seaton
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor of HB 118.

Mr. Doug Meecum, Director
Division of Commercial Fisheries
Department of Fish & Game
PO Box 25526
Juneau, AK 99802-5226

POSITION STATEMENT: Commented on HB 118.

Ms. Annette Skibinski
Staff to Senator Cowdery
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on SB 13.

Mr. Howard Dorsey
201 Portlock St.
Kenai AK 99611

POSITION STATEMENT: Supported SB 13.

Mr. Mark Niehaus, General Manager
Progressive Insurance
No address provided
POSITION STATEMENT: Opposed SB 13.

Ms. Linda Hall, Director
Division of Insurance
Department of Labor & Workforce
Development
PO Box 21149
Juneau, AK 99802-1149
POSITION STATEMENT: Commented on SB 13.

Mr. Birny Birnbaum
No address provided
POSITION STATEMENT: Commented on SB 13.

Mr. Steve Cleary, Executive Director
Alaska Public Interest Research Group (AKPIRG)
PO Box 101093
Anchorage AK 99510
POSITION STATEMENT: Supported SB 13.

Mr. Don Koch
Juneau AK
POSITION STATEMENT: Supported SB 13.

Ms. Marie Darlin
AARP-Capital City Task Force
POSITION STATEMENT: Supported SB 13.

Mr. Michael Lessmeier, Atty.
State Farm Insurance
Juneau AK
POSITION STATEMENT: Opposed SB 13.

ACTION NARRATIVE

TAPE 03-19, SIDE A

SB 95-72-HOUR NOTICE OF TEACHER STRIKE

CHAIR CON BUNDE called the Senate Labor and Commerce Standing Committee meeting to order at 2:05 p.m. All members were present. He announced SB 95 to be up for consideration.

MS. JACQUELINE TUPOU, staff to Senator Green, sponsor of SB 95, was present to answer questions.

SENATOR DAVIS offered Amendment 1.

CHAIR BUNDE objected for the purpose of discussion.

SENATOR DAVIS told members Amendment 1 was prepared by the National Education Association of Alaska (NEAA).

MS. TUPOU commented that she received an opinion from legislative counsel regarding problems with the wording in the amendment.

CHAIR BUNDE noted that was aware of a problem defining a "lock out." He said while the committee was waiting for clarification, Superintendent of Kodiak Island Borough School District, Betty Walters, wanted to comment.

MS. BETTY WALTERS, Superintendent, Kodiak Island School District, said the Kodiak District is involved in labor relations right now and is hoping for a settlement. However, this legislation would help the district if it goes through mediation and doesn't come up with an agreement. It would provide 72-hours notice to parents and community members who provide child care and school administrators to prepare for school without "those valued certificated staff members."

CHAIR BUNDE asked if she had seen a copy of Amendment 1 and she indicated she hadn't. He said he would get her a copy and would look forward to her comments.

MR. MARK TORGERSON, Department of Labor, was present on teleconference to answer questions.

SENATOR FRENCH noted that Amendment 1 said [a district] could not begin unilateral action against its employees, including but not limited to a lock out.

SENATOR SEEKINS said he had never heard of a lock out before and asked if there has been one.

CHAIR BUNDE replied that there has not, nor has there been a precipitous strike by teachers for which the 72-hour notice would have been needed.

SENATOR STEVENS said he was trying to make sense of Amendment 1 because the whole purpose of the bill seems to be child safety and he doesn't see how a lockout would be a safety issue.

SENATOR DAVIS said she only offered the amendment because it was before them and hadn't been discussed. She did not hear any approval for it and wasn't prepared to defend it, so she withdrew her motion.

SENATOR SEEKINS moved to pass SB 95, Version A, from committee with individual recommendations and its zero fiscal note.

A roll call vote was taken. SENATORS STEVENS, DAVIS, SEEKINS, FRENCH and BUNDE voted yea, therefore it moved from committee.

CSHB 118 (RES) am-TRANSPORTATION OF COMMERCIAL FISH

CHAIR BUNDE announced CSHB 118 (RES) am to be up for consideration.

REPRESENTATIVE PAUL SEATON, sponsor, explained that this measure corrects a situation that allows only process servers to hire tenders and pick up fish on the fishing grounds. This bill will allow fishermen to consolidate their catches, fill out their required paperwork so that the necessary documentation is available for ADF&G, and run that consolidated catch on a fishing vessel into the processor. It would also allow a fisherman or group of fishermen to hire a tender, transfer their fish to that tender, have the fish ticket made out, and have that transported to town for delivery.

He explained that a number of processors have rolled back the number of tenders they hire. That is problematic for the fishermen because, according to statute, they must be at the dock at the time of delivery. This bill is limited in its application to the sale of three species: salmon, herring and Pacific cod. It was amended to say that all incidental legally caught fish could also be delivered by the tender. Fishermen and processors support this bill.

SENATOR SEEKINS moved to adopt SCS CSHB 118(L&C), Version B, as a working document. There were no objections.

CHAIR BUNDE explained that the committee substitute (CS) also addresses another issue that has been before this committee about obtaining social security numbers [on fishing licenses] to be used for child support enforcement. He asked if a fisherman

without a permit gave his fish to someone with a permit for transport that might create an enforcement problem.

REPRESENTATIVE SEATON replied it would not be anymore of a problem than it is using the current system. This bill requires all paper work to be filled out and that requires all supporting documents and identification. This bill does not loosen the regulations. In fact, it will provide ADF&G with better information.

SENATOR STEVENS said the Salmon Task Force saw it as a useful tool. He asked Representative Seaton if the fish ticket is issued when the fish are weighed as they go into the transporter or whether the fish ticket is written when the fish are delivered to the processor.

REPRESENTATIVE SEATON replied that a fish ticket is issued when the fish are transferred from the fishermen to the transporter. However, some flexibility needs to be provided since some tenders will have certified scales. The person functioning as a fisherman and a transporter has to have a fish ticket corresponding to the amount of fish onboard. The weight has to be estimated, if nothing else, and the accurate weight is recorded when the fish is delivered to the processor.

CHAIR BUNDE asked if two boats combined a catch of dog and red salmon and the transporter put all the red salmon on one ticket and the dog salmon on another, which would amount to a significant difference in money, how that would be regulated or whether the fishermen would just have to trust each other.

MR. DOUG MEECUM, Director, Division of Commercial Fisheries, ADF&G, said the bill doesn't really address private contractual arrangements between transporters and fishermen. The existing fish ticket system contains columns to record the amount of each species and the price that was paid.

He said the division supports the bill and that it addresses a priority of the Salmon Task Force. It might reduce costs to fishermen and lead to improvements in quality. He said [ADF&G] may place limits on where it will issue these permits, one being Bristol Bay because of a prohibition against having fish onboard when a fishing vessel has gear on board.

CHAIR BUNDE said the committee would hold the bill for another hearing.

SB 13-INSURANCE DISCRIMINATION BY CREDIT RATING

CHAIR BUNDE announced SB 13 to be up for consideration and said the committee would begin its education on credit scoring this week.

MS. ANNETTE SKIBINSKI, staff to Senator Cowdery, said SB 13 was sponsored by Senator Cowdery and Senator Elton. She gave the following synopsis of the measure.

Common sense tells us there's no rational link between a person's credit and how they will drive or the chances that their house will burn down, but it is common sense to use our driving record or how close our home is to a fire hydrant, what the home is built out of, how old it is. Credit scoring is really a simple issue...

The way credit scoring works is it punishes some. It punishes those people who get laid off when a company downsizes and don't immediately find another job at the same income level. It punishes people who have had medical problems and have medical bills, people who have been victims of identity theft, one of the largest growing crimes in our country. Someone who has a burglary to their home - how that can be predicted, I have no idea. Or people who have absence of credit. Those are just a few of the scenarios that could lead to and do lead to somebody having higher insurance premiums and rates...

Credit scoring operates unfairly. It's discriminatory and has little oversight. It treats certain groups of Alaskans worse than others and increases the number of uninsured motorists on the road. We have mandatory insurance laws in the state and it is not a choice for an individual to drive without insurance...

CHAIR BUNDE expressed concern about the possibility that the Legislature might make it too difficult to write insurance in Alaska and when the choice goes down, the price goes up.

MS. SKIBINSKI responded that is a valid concern but she said credit scoring has been banned in other states and their rates are not higher. She noted that people were able to obtain insurance at reasonable rates before credit scoring came into play.

MR. HOWARD DORSEY, a Kenai resident, agreed with Ms. Skibinski and said he started a business four years ago and has seen his premiums for company liability and auto insurance go up, partially because of his credit history, which hasn't always been that great as a new company. He said the consumer needs to understand how credit scoring is used and not just take an insurance company's word for it.

CHAIR BUNDE asked Mr. Dorsey if he thought his insurance rates increased primarily because of credit scoring.

MR. DORSEY said he hadn't checked with other water treatment companies but the rates of a company he works with had gone up a little bit.

SENATOR COWDERY asked if anyone ever indicated to him that he got a better rate because of credit scoring.

MR. DORSEY said no. His rates go up each year and he hadn't had an accident in years. He thought the increase had to do with inflation and credit scoring. When asked about their credit scoring policies, insurance companies refuse to disclose them.

CHAIR BUNDE asked if he had shopped around for other insurance.

MR. DORSEY said he has looked but the number of companies is limited for his type of insurance. Typically, the first quote he gets is the lowest one, then the rate goes up upon renewal.

CHAIR BUNDE jested, "That couldn't be bait and switch, could it?"

SENATOR COWDERY said he found out last year that the number of hits on a person's credit record by other agencies worked against that person's credit score.

MR. MARK NIEHAUS, General Manager, Progressive Insurance, said Progressive is the third largest writer of auto insurance in the country and has about 17,000 policyholders in the state. Progressive has successfully been using credit as an element of its rates in Alaska for about six years. There has been a whole raft of independent analysis of the use of credit and its correlation with losses. Progressive is required to provide the Division of Insurance with detailed data justifying its use of credit and Progressive must answer all of the division's questions. Progressive must prove that credit scoring is

predictive of loss and that it does not have a disparate impact on certain groups of individuals.

He explained that in addition to filing all of its actuarial data, Progressive files its actual credit models. Since that information is public, the division will provide it to anyone who wants to see it. The division will show the nine elements in it that are easily understood. He offered to give members the detailed algorithm. He explained that Progressive doesn't use it to refuse to insure a consumer or to non-renew or cancel anyone. Progressive doesn't consider anything that is being disputed by a consumer in a credit-reporting agency. Progressive also doesn't consider medical or business debts. Progressive informs consumers that it is going to use this information and provides its customers with an opportunity to get a free copy of their credit reports. On request, Progressive also gives consumers a report that shows the reasons their credit was less than perfect and gives direction on how their credit score can be improved.

He said Progressive is also pioneering a credit assistance system that isn't in use in Alaska yet. It consists of a toll free number that accesses a personalized report on a person's credit score for each of the variables compared to the average of the complete population in the state and provides reasonable exceptions based on extraordinary life events, like catastrophic injuries, death of a spouse, business loss, etc.

MR. NIEHAUS said the division prepared an analysis of complaints on this issue and only five complaints that dealt with credit were received. None of those complaints was deemed justified by the division. He said the Alaska division did a credit study, with privacy caveats, to look at what market someone got placed in with the best estimate of credit and the one thing that jumped out of that report was that older folks, in general, get placed in the more preferred markets. Their data shows that older consumers, in general, have better credit scores. Banning the use of credit would force them to raise rates on a majority of their policyholders and disproportionately disadvantage older Alaskans as a result.

He summarized that the reasons Progressive opposes SB 13 is that it would force Progressive to raise rates on two-thirds of its customers (11,000 policyholders) Good drivers would be forced to subsidize drivers more likely to have accidents. The Fair Credit Reporting Act specifically allows companies to use credit and would supersede this particular law. This would create an uneven playing field. Companies like Progressive who have independent

agents would not be able to compete with outside companies that send direct-mail solicitations who would be allowed to use credit information. 27 other states have enacted legislation to ban the use of credit and none of those resulted in a ban, although some states did restrict its use somewhat.

He told members that last year many people worked late into the session to address some of the specific issues that were raised. The National Conference of Insurance Association developed a model bill to address many of the issues, i.e. the information that can get used, a resolution and a verification process. He recommended that the Legislature look at that particular bill as a place to start on this issue for a better solution than an outright ban.

CHAIR BUNDE asked Mr. Dorsey if he was a customer of Progressive Insurance and he indicated that he was.

CHAIR BUNDE asked him if he had asked Progressive about credit scoring information and how it is used and whether he was denied a response.

MR. DORSEY replied that he had not received that information and wasn't aware that he could.

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CHAIR BUNDE asked Mr. Niehaus how a customer could get that information.

MR. NIEHAUS replied that customers can get that information today by adverse action notice that is provided with their policies when they receive them. The adverse action notice is a one-page document that says if their credit was less than perfect, they could call a toll-free number and get a free copy of their credit reports and are free to make disputes with the credit vendor. Any disputed items would be removed from consideration in their credit score.

CHAIR BUNDE asked if Mr. Dorsey would have been notified if his insurance had increased based on a credit score.

MR. NIEHAUS replied he would get an adverse action notice and would have to call the toll-free number to request his credit information.

CHAIR BUNDE asked if an out-of-state company that did a mail order business here would have to comply with Alaska law regarding credit scoring.

MR. NIEHAUS responded that the Fair Credit Reporting Act specifically allows the use of credit in underwriting and that includes pre-screening people. So, out-of-state companies could choose to send a mail offering of insurance only to those people with good credit. That law would supersede Alaska law on this issue.

CHAIR BUNDE asked the Director of the Division of Insurance if it is true that Alaska law would only affect companies with agents who are residents of Alaska and that mail order businesses could avoid this law.

MS. LINDA HALL, Director, Division of Insurance, replied that she is not an expert in this area and there are several conflicting legal opinions on the issue. She thought the committee is talking about two different issues. What Mr. Niehaus is saying in regard to national companies is that they are pre-screening, not selling insurance, as opposed to an independent agent who may disclose that he or she will use credit scoring when a customer walks into an office and makes application.

She explained that national companies pre-screen by taking a company list from someplace, like Northwest Mileage card holders, whose pre-screened names are sometimes solicited by a company based in New York for auto insurance. They are able to do that on a federal level.

SENATOR STEVENS asked Mr. Niehaus to address the issue of identity theft.

MR. NIEHAUS said a person can notify a credit vendor if the person is aware of the theft. The credit vendor will then put a red flag on that file and notify the company that some data is not valid. If the person is unaware their identity was stolen, the only way they would become aware is through the process of adverse action or they could call Progressive to get information that someone else was using their credit inappropriately. They would dispute those items and anything disputed would not be considered.

SENATOR FRENCH commented to Mr. Niehaus that it seemed he was saying bad credit equals high risk and asked how that logic

could fairly apply to someone who suddenly lost a job or who has just gone through a divorce.

MR. NIEHAUS replied that Progressive has a credit system that will make adjustments for those kinds of extraordinary life events. In general, those events affect credit, but not necessarily permanently. Credit is a snapshot in time and can change. If someone is going through a divorce and a spouse damages their credit, they can contact the credit vendor to dispute those items. If someone loses a job, that person's credit wouldn't necessarily deteriorate because income is not considered in a credit report.

SENATOR FRENCH countered that often a person who loses a job loses the ability to make payments. He thought it was completely unfair. A newly divorced person who is looking for a new place to live, dealing with children, etcetera, is not going to have a lot of energy to devote to hunting down the reason her insurance rate went up, even if it's just a small amount.

SENATOR SEEKINS asked how many states currently prohibit the use of credit scoring.

MR. NIEHAUS replied that Alaska prohibits credit bureau rating, which is not defined in the statute. That statutory provision is about 30 years old. It is a matter of some litigation right now. Hawaii and California do not allow it by regulation.

SENATOR SEEKINS asked if Progressive writes insurance in those two states.

MR. NIEHAUS replied it does.

SENATOR SEEKINS asked how Progressive determines rates in those states.

MR. NIEHAUS replied Progressive doesn't use credit and, as a result, customers who have better credit are paying more (about two-thirds of customers) and the other third is paying less than they otherwise would.

SENATOR SEEKINS asked what variables are used to determine rates in those states.

MR. NIEHAUS replied that all states, including Alaska, use credit as only one component of setting a rate. Other factors include age, sex, marital status, type of vehicle and its

limits, locale and driving record, among other things. Hawaii has chosen by statute to not allow insurers to use age as a factor. He said, "In Hawaii, a 16-year old pays the same rate as a 45-year old. Unfortunately, that means the 45-year old is paying more for insurance to subsidize the 16-year old driver...."

SENATOR SEEKINS asked what variable Progressive uses on its scoring.

MR. NIEHAUS replied that he would provide the list, but it basically consists of delinquencies, ratio of balances to total available credit, and charge-offs, among other things.

SENATOR SEEKINS questioned his statement that two-thirds of customers would pay lower rates by using the method of increasing the rates on the other third.

MR. NIEHAUS' reply was indiscernible.

SENATOR SEEKINS asked Mr. Niehaus to provide an actuarial basis for that.

CHAIR BUNDE asked him to provide the committee with a comparison of a basic policy in Hawaii versus one in Alaska.

SENATOR COWDERY asked how many credit companies Progressive works with to give scores.

MR. NIEHAUS answered that Progressive works with one primary vendor and also has a backup vendor in case the primary vendor's computer system goes down or in case it couldn't access that information for other reasons.

SENATOR COWDERY asked how he addressed four different credit scores from four different companies.

MR. NIEHAUS responded that Progressive doesn't use credit scores from those companies. They get just the raw data on balances and other things from the vendors. Progressive has its own credit scoring algorithm for each of provider that it creates from that raw data.

SENATOR COWDERY said a lot of people spend an average of \$2,000 per month on a particular credit card even though they have a higher limit, but the average monthly figure is the one that's used for their credibility.

MR. NIEHAUS replied that Progressive looks at credit over a period of time and a person wouldn't be penalized if the balance was very high and is now very low. He noted, "It's a snapshot at a point in time."

SENATOR COWDERY asked if Progressive looks at the bank card limit and asked if cards with no limits are bad, like American Express.

MR. NIEHAUS said Progressive looks at limits and cards with no limits are not included.

SENATOR COWDERY commented that he didn't see how they could use any form of credit scoring to figure out when a person is going to have a theft of something and that's what they have insurance for.

SENATOR DAVIS asked if Mr. Niehaus considers credit scoring to be race neutral.

MR. NIEHAUS replied that Progressive doesn't gather data on race, but it does use zip codes and the division has looked at that issue as part of its study. The study found that policyholders in the lower income zip codes and in higher minority zip codes had a greater proportion of individuals qualify for a lower rate when credit scoring was used.

SENATOR DAVIS said a study by the federal department involved in urban development showed that 27 percent of Caucasians show up as bad credit risks, as opposed to 37percent of Hispanics and about 48 percent of African-Americans.

MR. NIEHAUS responded that he is aware of that study and that the Alaska study was specific to Alaska. He hadn't looked at that data on a nationwide basis, but that is something the division could review when the companies file their data, because they are submitting it by zip code.

MR. BERNY BIRNBAUM said he provided the committee with written comments and that he would comment at a later meeting.

MR. STEVE CLEARY, Executive Director, AKPIRG, supported SB 13. H noted that Mr. Niehaus said good drivers would subsidize bad drivers if credit scores are not used, but he believes the reverse would be true. Right now it seems that good drivers with bad credit are subsidizing others because their credit is being

unfairly used against them for their insurance rates. He thought the exceptions, like divorce and losing a job, are more of the rule. He stated the credit and insurance industries use many different types of credit scoring and, as a consumer, he didn't know how they were figuring out his insurance rates.

MR. DON KOCH, retired state employee, said he worked for the Division of Insurance for 27.5 years and currently has a small firm that examines insurance companies. He was on the initial working group that considered credit history for the National Association of Insurance Commissioners (NAIC). He explained that there are several uses for credit history and credit scoring.

Not every company that uses credit history is credit scoring. Some, for example, will take a credit history and then take components of that credit history and determine whether they like the risk or not. It strikes me that that's a bit inconsistent, but nevertheless that is the case. Those companies that are using credit scoring generally have some algorithms that you can't get to very readily.

My particular preference is that this bill go forward. I happen to agree with the idea of a ban. However, I think if you don't go with a complete ban, there are other things that should be considered. Certainly, one of them is if you do allow some form of use of credit history, credit scoring with whatever limitations you place on it, you need, absolutely, the ability of the Division of Insurance to be able to go in and look at everything without any consideration for whether the data is considered proprietary or whether that data is in third-party hands; and if they can't do that or if the company won't allow it, then they can't use it. I think it should be as simple as that....

MR. KOCH noted that the bill is very broad and runs the danger of impacting lines of business that probably ought not to be banned. He counseled them to put this legislation in the Unfair Trade Practices Act, AS 21.36, rather than in the rate section, AS 21.39. The advantage would be that AS 21.39 reaches not only rates and unfair discriminations that occur there, but it also reaches the underwriting, which is not dealt with in the other section.

CHAIR BUNDE asked who might employ him to examine an insurance company.

MR. KOCH replied state government and that currently he has contracts with several states, but he doesn't have any with the State of Alaska.

MS. MARIE DARLIN, AARP-Capital City Task Force, supported SB 13, because a lot of members had insurance go up and hadn't been able to find out why. They know now that it could be from the absence of using credit. Her own car insurance had gone up \$90 for six months and she has had no tickets or accidents and hadn't filed any claims ever. People who have tried to get information from the insurance companies have had very little luck.

CHAIR BUNDE asked if she knew of any members who had been notified that their rates were going up because of credit.

MS. DARLIN said she didn't personally, but their state office had a lot of contacts from seniors on this issue.

MR. MICHAEL LESSMEIER, State Farm Insurance, said he didn't think it was a fair assumption to say that insurance rates are going up because of credit. The reality is, particularly in the automobile insurance market in the state of Alaska over the last number of years, the insurance market has been a very poor one. Losses have been significant. State Farm, the largest auto insurer in Alaska, has lost millions of dollars.

CHAIR BUNDE asked if it is State Farm's policy to notify customers of an adverse credit report that affected rates.

MR. LESSMEIER replied that it's complicated because State Farm does not use credit scoring in Alaska for purposes of setting rates. The only time they use it is at the initial application for auto insurance; State Farm doesn't use it at all for home insurance. In those cases, if there is an adverse credit impact, the customer is given information about what that is. State Farm has a brochure that explains it in detail.

He said they spent a great deal of time on this legislation last session and worked hard to come up with a compromise that would address the sponsor's concerns - with medical bills, insurance inquiries, etc. Since then, in November, the National Conference on Insurance Commissioners came up with a model piece of legislation that is being considered by 13 other states.

He urged them not to ban the use of this tool that insurance companies use differently. It is a highly competitive market and the insurance industry is one of the most regulated in Alaska. He also noted that the Division of Insurance approves every insurance rate that is set in this state. It already has the power to address any unfair discrimination or impact. It has found that the number of complaints about the use of credit has been five, but the number of complaints it found where it has been misused is zero. State Farm had used it with their clients for around three years and has had very few complaints.

SENATOR COWDERY agreed that he made a handshake agreement last year that he wouldn't change the bill in conference committee but at the very next meeting the insurance industry wanted to change it. That's why he pulled the bill last year.

CHAIR BUNDE adjourned the meeting at 3:30 p.m.