

HOUSE BILL NO. 395

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE HOLMES

Introduced: 2/23/10

Referred: Labor and Commerce, Judiciary

A BILL

FOR AN ACT ENTITLED

1 **"An Act requiring arbitration of uninsured or underinsured motorist coverage and**
2 **damage disputes."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

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

5 (j) Notwithstanding AS 21.89.035, an automobile liability insurance policy
6 that includes uninsured or underinsured motorist coverage must contain a provision
7 stating that, if an insured person and an insurer do not agree to the insured person's
8 right to receive damages or to the amount of damages to which the insured person has
9 a right under uninsured or underinsured motorist coverage, then, at the written request
10 of either the insured person or the insurer, the disagreement will be settled by
11 arbitration under AS 09.43.300 - 09.43.595 (Revised Uniform Arbitration Act), except
12 to the extent otherwise provided in this subsection. The arbitration must take place in
13 the judicial district where the insured person resides. The insured person and the
14 insurer shall each select one arbitrator. The two arbitrators shall select a third

1 arbitrator. If the two arbitrators cannot agree on a third arbitrator within 30 days, at the
 2 request of either the insured person or the insurer, the presiding judge of the judicial
 3 district where the insured person resides shall select the third arbitrator.

4 * **Sec. 2.** AS 21.89.035 is amended to read:

5 **Sec. 21.89.035. Mandatory appraisal. Except as provided under**
 6 **AS 21.89.020(j), a** [A] motor vehicle or similar policy, a policy providing property
 7 coverage, or any other policy providing first party property, casualty, or inland marine
 8 coverage, issued or delivered in this state, must include an appraisal clause providing a
 9 contractual means to resolve a dispute between the insured and the insurer over the
 10 value of a covered first party loss for real property, personal property, business
 11 property, or similar risks. If the insured and the insurer fail to agree on the amount of a
 12 covered first party loss, either may make written demand upon the other to submit the
 13 dispute for appraisal. Within 10 days of the written demand, the insured and insurer
 14 must notify the other of the competent appraiser each has selected. The two appraisers
 15 will promptly choose a competent and impartial umpire. Not later than 15 days after
 16 the umpire has been chosen, unless the time period is extended by the umpire, each
 17 appraiser will separately state in writing the amount of the loss. If the appraisers
 18 submit a written report of agreement on the amount of the loss, the agreed amount will
 19 be binding upon the insured and insurer. If the appraisers fail to agree, the appraisers
 20 will promptly submit their differences to the umpire. A decision agreed to by one of
 21 the appraisers and the umpire will be binding upon the insured and insurer. All
 22 expenses and fees, not including counsel or adjuster fees, incurred because of the
 23 appraisal shall be paid as determined by the umpire. Except as specifically provided,
 24 nothing in this section is intended to or shall in any manner limit or restrict the rights
 25 of insureds or insurers or confer any rights to an insured or insurer.

26 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
 27 read:

28 **APPLICABILITY.** This Act applies to insurance policies or contracts issued or
 29 renewed on or after the effective date of this Act.