

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

TONY KNOWLES, GOVERNOR

P.O. BOX 110805
JUNEAU, ALASKA 99811-0805
PHONE: (907) 465-2515
FAX: (907) 465-3422
TDD: (907) 465-5437

Bulletin 97-02

AIPSO AUTOMOBILE ASSIGNED RISK POOL RATE ADJUSTMENTS

Alaska Order R96-06 was issued by the Division of Insurance on June 13, 1996, to inform all licensed casualty producers and all insurers authorized to do casualty business in Alaska that they are to act in accordance with the Alaska Automobile Insurance Plan as amended and effective on July 1, 1996, and any amendments approved by the director thereafter. This bulletin is intended to reemphasize Alaska Order R96-06, and to explain to producers and insurers the recent rate changes to the Alaska Automobile Insurance Plan which were approved by the director effective February 1, 1997. This bulletin is for informational purposes only and is not intended to be an exhaustive or interpretive analysis of all changes to the Alaska Automobile Insurance Plan. A summary of the recent changes follows.

I. Alaska Automobile Insurance Plan, Alaska Automobile Insurance Plan Manual - Effective July 1, 1996

AIPSO revised the Alaska Automobile Insurance Plan (Plan of Operation) and the Alaska Automobile Insurance Plan Manual (Manual of Rules and Rates) effective July 1, 1996. All persons licensed for casualty line authority and all insurers authorized to transact casualty business in Alaska are required by Alaska Statute (AS) 21.39.040 to act in accordance with the amended and effective Alaska Automobile Insurance Plan and Plan Manual.

If you have not received an updated AIPSO manual including the revisions effective July 1, 1996, or have questions on whether your manual is up to date, contact AIPSO at:

302 Central Avenue
Johnston, Rhode Island 02919
Telephone (401) 942-9799

II. Personal Auto Rate Changes - Effective February 1, 1997

AIPSO revised the Personal Auto rates to reflect the most recent premium/loss experience available. The effect of the base rate change is an increase of 17.3 percent. In addition to the overall base rate change, the territory definitions are changed. The new territories are:

ANCHORAGE Territory comprises that area for which the residences have the following ZIP Codes:

TERRITORY 09

99501 thru
99524 99587 99654
99567 99645 99687
99577

FAIRBANKS Territory comprises that area for which the residences have the following ZIP Codes:

TERRITORY 10

99701	99706	99709	99712
99702	99707	99710	99716
99703	99708	99711	99775
99706			

SOUTHEAST/SOUTHCENTRAL Territory comprises that area for which the residences have the following ZIP Codes:

TERRITORY 11

998**	99588	99639	99676	99729	99755
999**	99603	99643	99677	99731	99756
99550	99605	99644	99682	99732	99758
99556	99608	99663	99686	99733	99760
99566	99611	99664	99688	99737	99764
99572	99615	99667	99689	99738	99776
99573	99619	99669	99693	99743	99779
99574	99624	99672	99694	99744	99780
99586	99631	99674	99704	99754	99787

** Areas for which the residences have ZIP Codes whose first three digits are 998 or 999.

REMAINDER OF STATE

TERRITORY 12

The biggest impact of the territory changes affects areas near to Anchorage. The original Plan definition of the Anchorage area was defined by Insurance Services Office, Inc., and has not been amended since the 1960s. The original definition did not include the Wasilla, Palmer, Girdwood, nor Chugiak areas. The Anchorage and surrounding areas have expanded, as has the road system linking all these areas. The redefinition better reflects the changing and expanding road system, and brings the Anchorage territory more in line with what is used by the voluntary market.

The remaining territories are redefined to better reflect and group the communities and similar road systems and to align them more appropriately with the voluntary market. The redefinition of these other territories does not impact the premium as significantly as it does the redefinition of the Anchorage territory.

III. Commercial Auto Rate Changes - Effective February 1, 1997

AIPSO revised the Commercial Auto rates to reflect the most recent premium/loss experience available. The effect of the base rate change is an increase of 3.7 percent. In addition to an overall base rate change, the territories are redefined as captioned above.

The Commercial Auto base rate and territorial changes will be phased in over a three-year period. This phase-in will help minimize the premium swings for some risks, and will allow the division and AIPSO to review the commercial auto exposure distribution to be sure that the distribution assumptions included in the rate calculations are appropriate. The codes for the Anchorage and Fairbanks territories have been modified to facilitate the analysis of the distribution structures in these areas.

Dated this 28th day of January, 1997.

A handwritten signature in black ink, appearing to read "Marianne K. Burke". The signature is written in a cursive style with a large initial "M".

Marianne K. Burke
Director of Insurance