

March 19, 2007

Senator Lesil McGuire  
State Capitol, Room 125  
Juneau, AK 99801-1182

Senator McGuire,

The Alaska State Chamber of Commerce supports a reduction in tort related lawsuits. Too often, suits are filed not based upon merit or negligence of a company, but based on whether that company has deep pockets. The Alaska State Chamber supports SB 48, which limits the size of appeal bonds as both sides work through the court process.

As you know, current Alaska law requires a defendant to post a bond equal to the amount of the judgment plus legal appeal costs and interest. Under this arrangement, Alaska has one of the highest appeal bond requirements in the nation. SB 48 places a cap on appeal bonds equating it to the lesser of \$5 million dollars or ten percent of the defendant's net worth. This lower bond requirement ensures that Alaska businesses can continue to operate without putting the entire company's net worth into a court ordered bond.

There are forty-five states requiring cash bonds to secure an appeal. In the last few years, thirty-five of those states have adopted an appeal bond caps similar to what is proposed in SB 48. Last year alone, the states of Alabama, Florida, Hawaii and Washington adopted legislation to reform excessive and antiquated appeal bond requirements. In addition, the limit will help guarantee that plaintiffs who obtain judgments will have solvent defendants from whom they can collect damages. Without a cap, bankruptcy often becomes the only option for a company or business facing the heavy requirement of a net worth appeal bond.

Tort Reform has long been a priority of the Alaska State Chamber of Commerce, while this legislation falls short of complete tort reform, the State Chamber feels SB 48 is the right step in creating a better appeal process for keeping businesses whole while ensuring wronged defendants access to a solvent company.

We appreciate your thoughtful consideration of this legislation and encourage its adoption.

Yours in economic prosperity,

Wayne A. Stevens  
President/CEO