

STATE CAPITOL  
P.O. Box 110001  
Juneau, AK 99811-0001  
907-465-3500  
fax: 907-465-3532



**Governor Bill Walker  
STATE OF ALASKA**

550 West Seventh Avenue, Suite 1700  
Anchorage, AK 99501  
907-269-7450  
fax 907-269-7461  
[www.Gov.Alaska.Gov](http://www.Gov.Alaska.Gov)  
[Governor@Alaska.Gov](mailto:Governor@Alaska.Gov)

March 1, 2018

The Honorable Bryce Edgmon  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, Alaska 99801

Dear Speaker Edgmon:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill to bring the insurance code into compliance with model laws adopted by the National Association of Insurance Commissioners (NAIC). These changes will assist the state in maintaining its accredited status with the NAIC and improve uniformity nationwide in the regulation of insurance.

This bill makes changes to the insurance code relating to credit for reinsurance (AS 21.12), and the standard valuation law (AS 21.18). The bill also adds provisions granting the director the authority to adopt regulations under this section, provides a process for the director to certify an insurer as a reinsurer, imposes obligations on a ceding insurer to report to the director when certain levels of reinsurance are exceeded, and allows an assuming insurer that permanently stops underwriting new business to, subject to regulatory approval, reduce the trustee surplus of a trust that secures its business.

The changes relating to credit for reinsurance are in Section 1 of the bill; that section repeals and reenacts AS 21.12.020 relating to credit for reinsurance to conform to the NAIC model law. The changes relating to standard valuation law are in Sections 2 - 11 of the bill. The changes conform to the NAIC Standard Valuation Model Law. These changes are intended to allow life insurers to use "principle-based reserves" instead of the formula-based reserves required under current standard valuation law.

By conforming to the changes to the NAIC model laws, our state's insurance laws will be consistent with national standards that all states are urged to adopt, and Alaska will maintain its accredited status.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink that reads "Bill Walker".

Bill Walker  
Governor

Enclosure