



# ALASKA STATE LEGISLATURE

## HOUSE LABOR & COMMERCE COMMITTEE

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### Sectional Analysis

#### HB 175 – Insurance

This is a summary only. Note that this sectional analysis should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

**Section 1. Amends AS 21.06.060(f)** by removing the restriction that only financial analysis ratios and examination synopses from the NAIC would be held confidential.

**Section 2. Amends AS 21.06.180(b)** to provide an exception for the emergency summary suspension of a license in AS 21.27.420(d) which requires a hearing within 20 days.

**Section 3. Amends AS 21.06.180(c)** to provide an exception for 21.27.420(d) which does not provide for a refusal to grant a hearing

**Section 4. Amends AS 21.06.190(a)** to provide an exception for 21.27.420(d) which does not provide for a stay of an order of suspension.

**Section 5. Amends AS 21.24.130(d)** clarifies how the deposit in Alaska of a domestic insurer covered by the Alaska Life and Health Insurance Guaranty Association or the Alaska Insurance Guaranty Association will be treated when the insurer is under a delinquency proceeding in AS21.78.

**Section 6. Amends AS 21.24.130(f)** clarifies how the deposit of a foreign insurer will be treated when the insurer is insolvent. The deposit will be released to the applicable guaranty association. After all liabilities for the insurer's policies in this state are paid, the monies will be paid to the receiver.

**Section 7. Amends AS 21.24.130.** Adds a new subsection to AS 21.24.130 to provide a process for handling deposits of insurers that are not members of any guaranty association. These deposits are sent to the insolvent insurer's receiver.

**Section 8. Amends AS 21.27.140(b)** to remove the requirement that the firm's compliance officer must be licensed for all lines of authority the firm holds.

**Section 9. Amends AS 21.27.150(a)** changes the definition for products sold by a limited travel licensee to comply with national uniform licensing standards.

**Section 10. Amends AS 21.27.270(b)** to permit the Director to issue a nonresident adjuster license under AS 21.27.020 if the independent adjuster's home state does not license independent adjusters.

**Section 11. Amends AS 21.27.420.** Adds a new subsection to AS 21.27.420 to provide authority to Director to do a summary suspension of a license, in the event of an emergency for public protection. Requires a decision be rendered within 30 days of the conclusion of the hearing.

**Section 12. Amends AS 21.27.630.** Adds a new subsection to AS 21.27.630 clarifying that individuals operating on behalf of the third party administrator are not required to obtain a separate registration.

**Section 13. Amends AS 21.27.900 (11)** modifies the definition of "home state" to include independent adjusters.

**Section 14. Amends AS 21.34.020.** Adds a new subsection to AS 21.34.020 enabling large commercial insureds which meet the definition of 'exempt commercial policyholder' to make their own choice of admitted or surplus lines insurers.

**Section 15. Amends AS 21.34.040(d)** to permit surplus lines insurer's annual statement filing with the National Association of Insurance Commissioners (NAIC) to be accepted as being filed with the division, and clarifies due date of filing between foreign and alien insurers.

**Section 16. Amends AS 21.34.080(a)** to modify details of surplus lines transaction filing to agree with AS 21.34.170 and remove unnecessary requirement.

**Section 17. Amends AS 21.36.110** to clarify that rewards under wellness programs that meet the federal HIPPA requirements do not constitute rebating.

**Section 18. Amends AS 21.36.355(a)** to allow the Director to accept written consent issued to a nonresident by another insurance regulator official under 18 U.S.C. § 1033 and § 1034

**Section 19. Amends AS 21.42.120(d)** to allow the Director to require informational form filings (in lieu of filing for approval or before use).

**Section 20. Amends AS 21.42.160(d)** to require foreign insurers (in addition to domestic insurers) to include form numbers on their insurance policy and annuity contract forms.

**Section 21. Amends AS 21.42.385(b)** to allow the Director to update the dental, vision and hearing coverage mandate requirements to assure that the benefits remain current.

**Section 22. Amends AS 21.55.100(b)** to allow the board the flexibility to determine whether a Medicare supplement plan should be offered, given that Alaska Comprehensive Health Insurance Association (ACHIA) offers a more comprehensive Medicare carve-out plan.

**Section 23. Repeals and reenacts AS 21.55.500** modifies the ACHIA residency requirements to mirror the requirements for Permanent Fund Dividend qualification. Eases administration and allows more individuals would qualify for ACHIA.

**Section 24. Amends AS 21.78.010(b)** to provide an exception to claim payment priorities for deposits administered under AS 21.24.

**Section 25. Amends AS 21.78.260** to provide an exception to claim payment priorities under AS 21.78.327(a) for loss reimbursement policies.

**Section 26. Amends AS 21.78 to add two new subsections.** Adds new subsection AS 21.78.237 to provide rules for administration of loss reimbursement policies when the insurer is in a receivership. Allows the policyholder to pay a loss reimbursement claim directly and acceptance of that payment extinguishes any obligation by the insurer or guaranty association. The receiver will bill the policyholder for reimbursement to the initial payer. The reimbursement is a general asset of the estate or is forwarded to the guaranty association depending on who paid initially. The receiver will maintain collateral held for loss reimbursement policies and forward funds to guaranty associations if they make initial payment. The guaranty association may seek collection of the reimbursement if the receiver is not successful and any collection must be reported to the receiver. Loss reimbursement amounts received by guaranty associations are considered early access payments. Adds new subsection AS 21.78.328 to provide procedures for making early access distributions to guaranty associations from an insolvent insurer estate. Any application to the court for an early access distribution must be noticed to the guaranty association. A payment to an association may be called back to the estate if needed to pay claims.

**Section 27. Amends AS 21.84.465(b)** modifies the language regarding the due date of the annual financial statement for fraternal benefit societies to be consistent with the due date statute language of other types of insurers to require filing no later than March 1.

**Section 28. Amends AS 21.85.100** to provide that the deposit administration requirements under AS 21.24 (Deposits) are applicable is to multiple employer welfare arrangement deposits required under AS 21.85

**Section 29. Amends AS 21.87.180.** Adds a new subsection AS 21.87.180(E) to make hospital and medical service corporations filings publicly available consistent with other insurers filings in AS 21.42.123 and AS 21.42.125.

**Section 30. Amends AS 21.87.340** to make hospital or medical service corporations subject to the individual health insurance guaranteed renewability laws in AS 21.51.400; and to rules regarding representations and warranties requirements in AS 21.42.110

**Section 31. Amends AS 21.90.900 to add new paragraph.** Adds the definition of ‘working day.’

**Section 32. Amends AS 44.64.030(a)(17)** to add summary suspensions to the list of insurance exemptions from the Office of Administrative Hearings.

**Section 33. Repeals AS 21.07.250(19), AS 21.27.410(a)(10),(11) and (12), AS 21.55.220(b)** repeals definitions of working day which was added to general title definitions; Repeals archaic reasons for denial, suspension or revocation of a license issued under AS 21.27.

**Section 34.** Provides for an effective date of July 1, 2009.