

SENT VIA EMAIL: Representative.Gabrielle.LeDoux@akleg.gov
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March 28, 2019

Honorable Gabrielle LeDoux, Co-Chair
Honorable Adam Wool, Co-Chair
Honorable Members of the House Labor and Commerce Committee
Alaska Legislature

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RE: [HB78A](#)—Corporate Governance Annual Disclosure (CGAD) and Holding Company Act)

Dear Chair Reinbold, Vice Chair Costello, and Members of the Committee:

I am writing on behalf of State Farm Mutual Automobile Insurance Company (State Farm) in support of [HB78A](#). To maintain accreditation, the National Association of Insurance Commissioners (NAIC) requires its member states to enact both the Corporate Governance Annual Disclosure (CGAD) and the Holding Company Act.

Corporate governance is the policies by which insurance companies govern themselves. This, includes the corporate structure (board of directors, senior management, business functions), and the organizational culture. The CGAD requires insurers to document the policies of their boards and key committees, the frequency of their meetings, and procedure for oversight of critical risk areas and appointment practices. Insurance regulators use this information to understand, review, and assess the corporate governance practices. [HB78A](#) brings Alaska up-to-date by repealing and reenacting portions of Alaska's existing statutes to make them consistent with the current Model Act.

Over the past decade, the NAIC's international involvement has been increasingly focused on strengthening the supervision of insurers that operate internationally. [HB78A](#) also amends Alaska's law to be consistent with the NAIC Group-Wide Supervision of Internationally Active Insurance Groups provisions of the Model Holding Company Act. This will bring Alaska's law in line with NAIC standards.

State Farm believes the insurance mechanism works best when regulators have the necessary tools to perform their function. [HB78A](#) will provide the tools that Alaska's Insurance Division need to protect consumers and the insurance market.

Thank you for considering these comments. Please let me know if you have any questions.

Sincerely,



Robert R. Nash, Counsel

cc: Director Lori-Wing-Heier, Alaska Insurance Division (via email)
Sheldon Winters, Esq. (via email)