



Governor Mike Dunleavy
STATE OF ALASKA

February 17, 2021

The Honorable Peter Micciche
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Micciche:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill updating the insurance code to conform to changes in the credit for reinsurance model law adopted by the National Association of Insurance Commissioners (NAIC). This will ensure Alaska maintains its accredited status with the NAIC and improve nationwide uniformity in the regulation of insurance.

Reinsurance is a type of insurance that insurers purchase from other insurers to insure themselves, in all or in part, against contracted insurance risk. In doing so, insurers distribute risks among themselves. Credit for reinsurance is an accounting method that allows reinsurance to be treated as an asset.

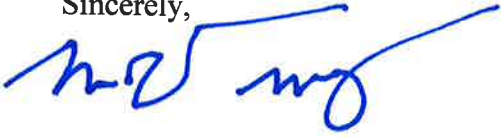
This bill allows United States reinsurers easier financial access to qualified alien jurisdictions and assists in making the Alaska insurance market more competitive by allowing qualified and well-capitalized alien insurers to compete in United States' markets on a more equitable basis. Specifically, the bill makes changes to AS 21.12.020 Reinsurance Credit Allowed a Domestic Ceding Insurer, to conform our state insurance code to recent changes made in NAIC's reinsurance model law.

There are potentially severe consequences if the legislation and accompanying regulations are not adopted before September 2022. The Federal Office of Insurance (OIC) has negotiated a treaty with the European Union guaranteeing that each jurisdiction will enact the legislation. States risk significant loss of sovereignty in insurance regulation should the OIC begin a formal review and find that a jurisdiction is out of treaty compliance. In that instance, OIC could use federal legislation to preempt local laws across all jurisdictions.

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The changes contained in this proposal will ensure that Alaska's insurance market remains competitive and current with national standards and accreditation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy", with a long horizontal flourish extending to the right.

Mike Dunleavy
Governor

Enclosure