

ALASKA STATE LEGISLATURE

REPRESENTATIVE KURT OLSON

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- Vice Chair: Rules, Administrative Regulation Review
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- Member: Energy, Legislative Budget & Audit

Session: January – April
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Official Business

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Sponsor Statement

House Bill 164

"An Act relating to insurance; relating to health care insurance, exemption of certain insurers, reporting, notice, and record-keeping requirements for insurers, biographical affidavits, qualifications of alien insurers assuming ceded insurance, risk-based capital for insurers, insurance holding companies, licensing, federal requirements for nonadmitted insurers, surplus lines insurance, insurance fraud, life insurance policies and annuity contracts, rate filings by health care insurers, long-term care insurance, automobile service corporations, guaranty fund deposits of a title insurer, joint title plants, delinquency proceedings, fraternal benefit societies, multiple employer welfare arrangements, hospital and medical service corporations, and health maintenance organizations; and providing for an effective date."

House Bill 164 is a compilation of various provisions to make changes to the Insurance Code to enhance, update and provide uniformity with national standards to improve the regulation of the insurance industry.

First, the bill addresses an amendment to federal law (the Nonadmitted and Reinsurance Reform Act of 2010") effective in June of 2011 that changes how premium taxes on Surplus Lines insurance can be collected and allocated. This change in Alaska law is needed to avoid the loss of revenue from certain premium taxes.

Other areas of improvement include various financial changes such as risk based capital tests, one of which will be an accreditation standard on 1-1-2012, requirements for filing biographical affidavits for domestic insurance company officers and directors and changes in the collateralization of certain reinsurance obligations.

Two provisions deal with insolvencies of insurance companies. One adds provisions to the receivership statutes to address large deductible policies and payment of deductibles to the guaranty fund. The other increases the coverage in the Alaska Life and Health Insurance Guaranty Association to \$250,000 for annuity benefits.

Consumer protection provisions include amending the long term care statutes to conform to the NAIC long term care model act and to require filing and approval of premium rates, filing and approval of health insurance rates for all companies offering health insurance in Alaska and requiring notifications of lapse, cancellation or changes in premiums for health insurance policies. Also included is a provision to make forging of an insurance document a felony regardless of intent to defraud.

Agent licensing would be streamlined significantly by eliminating the requirement of the "individual in a firm" license type which will allow individuals to change employers without additional filings, fees or notification requirements as well as eliminate most late notification penalties. Communication would also be streamlined by changes to various areas of the statute to require both agents and insurance companies to facilitate the mailing of notices from the division by electronic methods.

The bill contains numerous enhancements to the Insurance code and I urge your support.