



Governor Michael J. Dunleavy
STATE OF ALASKA

February 28, 2019

The Honorable Bryce Edgmon
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Edgmon:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to updates to the insurance code and adding new sections providing for a corporate governance annual disclosure. The changes to the insurance code, under this bill, conform to changes in model laws adopted by the National Association of Insurance Commissioners (NAIC) and will assist the state in maintaining its accredited status with the NAIC and improve uniformity nationwide in the regulation of insurance.

Specifically, this bill makes changes to the insurance code relating to AS 21.22 (insurance holding companies), and adds new sections to AS 21.09 (authorization of insurers and general requirements) requiring domestic insurers to provide a corporate governance annual disclosure to the director. These changes conform the insurance code to changes in NAIC model laws and add the new NAIC model law on corporate governance annual disclosure. The bill is described in more detail below.

Section 1 of the bill adds new sections to AS 21.09 requiring domestic insurers to file a corporate governance annual disclosure with the director. Corporate governance is the system under which a company is directed and controlled. The corporate governance annual disclosure will summarize a domestic insurer's corporate governance structure, policies and practices, and is intended to give the director a means of understanding the insurer's corporate governance.

The bill describes the scope and required contents of the corporate annual disclosure, authorizes the director to promulgate regulations, and retain independent consultants. Under the bill the corporate governance annual disclosure and related information will be confidential, as they may contain trade secrets and proprietary information. The bill also provides for penalties to be imposed on an insurer that fails to timely file a corporate governance annual disclosure.

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Sections 2 - 4 of the bill make changes to AS 21.22 relating to insurance holding companies. AS 21.22 is based on a NAIC model law. This bill amends AS 21.22 to clarify when a domestic insurer is required to notify the director of a transaction between the domestic insurer and a person in its insurance holding company holding system and makes documents and information obtained by the director, in the course of an investigation or examination under AS 21.22, confidential.

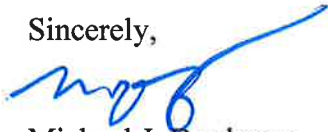
Section 5 of the bill adds a new section to AS 21.22 giving the director the authority to act as the group-wide supervisor of an internationally active insurer or acknowledge another insurance regulatory official as the group-wide supervisor.

Section 6 of the bill adds two new definitions to AS 21.22 defining terms added to the insurance code in Section 5 of the bill.

By conforming to the changes to the NAIC model laws and adding the new sections, Alaska will remain current with the national standard and maintain its accredited status.

I urge your prompt and favorable action on this measure.

Sincerely,



Michael J. Dunleavy
Governor

Enclosure