



Sectional Analysis
SB 87 (Version 32-GS1584\A)

An Act Relating to credit for reinsurance; and providing for an effective date

Section 1: AS 21.12.020(a) is amended, with a technical/conforming change by deleting “(6)” and adding “(7)” to reference the changes made to AS 21.12.020(a) (6) and (7).

AS 21.12.020(a)(6) is amended by adding conditions that a qualified reinsurer must meet to assume liabilities of a domestic insurer. The assuming insurer shall:

- (A) Have its head office or be domiciled in a reciprocal jurisdiction;
- (B) Have and maintain minimum capital and surplus, or its equivalent, in an amount set out in regulation;
- (C) Have and maintain a minimum solvency or capital ratio in an amount set out in regulation;
- (D) Agree to and provide adequate assurances to the director (i) prompt written notice if the insurer falls below the minimum requirements or if any regulatory action is taken against it for serious non-compliance; (ii) consent in writing to the jurisdiction of the courts of this state and to the appointment of the director as the agent for service of process; (iii) consent in writing to pay all final judgments obtained by the ceding insurer; (iv) agree that each reinsurance agreement must provide security in an amount equal to 100 percent of the assuming insurer’s liabilities; and (v) confirm that it is not participating in any solvent scheme of arrangement that involves this state’s ceding insurers;
- (E) Provide certain documentation to the director as specified in regulation;
- (F) Maintain a practice of prompt payment of claims;
- (G) Confirm to the director on an annual basis that the assuming insurer complies with requirement (B) and (C);
- (H) Agree that nothing in this paragraph precludes an assuming insurer from providing the director with information on a voluntary basis.

AS 21.12.020(a)(7) is a technical/conforming change deleting “(5)” and adding “(6)”.

Section 2: AS 21.12.020(g) is amended to by adding certain words to (D) reflect compliance with AS 21.12.020(a)(6), Section 1.

Section 3: AS 21.12.020(h)(3) amends the definition of a “reciprocal jurisdiction” to state that nothing in this paragraph will preclude an assuming insurer from providing the director with information on a voluntary basis.

Section 4: AS 21.12.020 is amended by adding section (i) requiring the director to consider the list of the reciprocal jurisdictions, published by the National Association of Insurance Commissioners, in determining a reciprocal jurisdiction and provides the director the ability to approve a jurisdiction not on the list and remove a jurisdiction on the list.

Section 5: Provides for the director to promulgate regulations, if necessary.

Section 6: Provides for an immediate effective date.