



LAWS OF ALASKA

1985

Source

SCSHB 77 (L&C)

Chapter No.

5

AN ACT

Relating to the capital funds required of foreign and domestic insurers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1, LINE 9

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: March 27, 1985
Actual Effective Date: June 25, 1985

AN ACT

Relating to the capital funds required of foreign and domestic insurers.

* Section 1. AS 21.09.070(a) is amended to read:

(a) To qualify for authority to transact any one kind of insurance as defined in AS 21.12, or combination of kinds of insurance as shown below, a foreign insurer, or a domestic insurer applying for its original certificate of authority in this state, or an insurer re-applying for a certificate of authority in this state after having withdrawn from this state for any cause, shall possess and thereafter maintain unimpaired basic paid-in capital stock (if a stock insurer) or unimpaired basic surplus (if a foreign mutual insurer or foreign reciprocal insurer), and shall possess when first so authorized additional funds in surplus as follows:

Kind or Kinds of Insurance	Basic Capital		Additional	
	or Basic Surplus		Surplus	
Life	<u>\$800,000</u>	[\$400,000]	<u>\$800,000</u>	[\$400,000]
Disability	<u>800,000</u>	[400,000]	<u>800,000</u>	[400,000]
Life and Disability	<u>1,000,000</u>	[500,000]	<u>1,000,000</u>	[500,000]
Property	<u>600,000</u>	[400,000]	<u>600,000</u>	[400,000]
Casualty exclud- ing vehicle	<u>1,000,000</u>	[500,000]	<u>1,000,000</u>	[500,000]

Chapter 5

1	Vehicle	<u>800,000</u>	[400,000]	<u>800,000</u>	[400,000]
2	Marine & Trans-				
3	portation	<u>1,000,000</u>	[450,000]	<u>1,000,000</u>	[450,000]
4	Surety	<u>1,000,000</u>	[500,000]	<u>1,000,000</u>	[500,000]
5	Title	<u>300,000</u>	[250,000]	<u>300,000</u>	[250,000]

6 Any two or more of the following

7 kinds of insurance: property,
 8 marine and transportation,
 9 vehicle, casualty excluding
 10 vehicle, surety and

11 disability 1,500,000 [550,000] 1,500,000 [550,000]

12 [MULTIPLE LINES (ALL LINES

13 EXCLUDING LIFE AND TITLE

14 INSURANCE) 750,000 750,000]

15 Legal Expenses 600,000 [400,000] 600,000 [400,000]

16 Mortgage Guarant-

17 tee 1,000,000 [400,000] 1,000,000 [400,000]

18 * Sec. 2. AS 21.09.080 is repealed and reenacted to read:

19 Sec. 21.09.080. CAPITAL FUNDS REQUIRED OF OLD DOMESTIC INSURERS.

20 (a) A domestic insurer holding a valid certificate of authority to
 21 transact insurance in this state immediately before January 1, 1985,
 22 may continue to transact the same kinds of insurance permitted by the
 23 certificate of authority provided that after January 1, 1985, the
 24 insurer maintains unimpaired no less paid-in capital stock (if a stock
 25 insurer) and no less minimum surplus (if a mutual insurer) than the
 26 amount required of the insurer by AS 21.09.070 on December 31, 1984,
 27 as if the law had continued in force.

28 (b) An insurer described in this section may not, after
 29 January 1, 1985, declare a dividend or distribute assets to its

1 shareholders, members or subscribers until it has a total capital and
2 surplus equal to the total capital and surplus required for a like
3 insurer under AS 21.09.070.

4 (c) Annually on December 31, beginning in 1985, each domestic
5 insurer described in this section with less paid-in capital stock (if
6 a stock insurer) or less surplus (if a mutual insurer) than required
7 by AS 21.09.070 as to new domestic insurers shall increase their
8 unimpaired basic paid-in capital stock or surplus by an amount equal
9 to 20 percent of the difference between the actual paid-in capital
10 stock or surplus on December 31, 1983, and that required by AS 21.09.-
11 070 as to new domestic insurers. By December 31, 1989, all domestic
12 insurers shall maintain paid-in capital stock and surplus in amounts
13 no less than required by AS 21.09.070 as to new domestic insurers.

14 (d) Notwithstanding the provisions of this section, a domestic
15 life insurer duly licensed and capitalized on December 31, 1984, shall
16 have and maintain the capital and surplus required under the laws of
17 this state on December 31, 1984, as if the laws had continued in
18 force. This subsection does not apply to a domestic life insurer if
19 the ownership of the insurer is changed, or the class, line, and
20 volume of the business written is materially changed from that written
21 on December 31, 1984.

22 * Sec. 3. AS 21.69.220(b) is amended to read:

23 (b) When applying for an original certificate of authority, the
24 insurer must be otherwise qualified under this title, and must have
25 received and accepted bona fide applications as to substantial insur-
26 able subjects for insurance coverage of a substantial character of the
27 kind of insurance proposed to be transacted, must have collected in
28 cash the full premium at a rate not less than that usually charged by
29 stock insurers for comparable coverages, must have surplus funds on

Chapter 5

hand and deposited as of the date the insurance coverages are to become effective, or, in lieu of the applications, premiums and surplus, may deposit surplus, all in accordance with that part of the following schedule which applies to the one kind of insurance the insurer proposes to transact:

(A)	(B)	(C)	(D)
	Minimum No.	Minimum No.	
	of	of	Minimum
Kind of	Applicants	Subjects	Premium
Insurance	Accepted	Covered	Collected
Life (1)	500	500	annual
Disability (2)	500	500	quarterly
Property (3)	100	250	annual
Casualty (4)	250	500	annual
With Workers' Compensation	250	1,500	quarterly
Marine, Wet Marine, and Transportation	50	50	annual
(E)	(F)	(G)	(H)
	Maximum		
Minimum	Amount of	Minimum	
Amount of	Insurance	Surplus	Deposit

Insurance Each Subject	Each Subject (5)	Funds Deposited (6)	of Surplus in Lieu of (6)
\$1,000	\$ 2,500	<u>\$800,000</u>	[\$ 50,000] <u>\$800,000</u> [\$100,000]
\$ 10 (weekly indem.)	\$ 25 (weekly indem.)	<u>\$800,000</u>	[\$ 50,000] <u>\$800,000</u> [\$100,000]
\$1,000	\$ 3,000	<u>\$600,000</u>	[\$100,000] <u>\$600,000</u> [\$200,000]
\$1,000	\$10,000	<u>\$1,000,000</u>	[\$150,000] <u>\$1,000,000</u> [\$200,000]
\$1,000	\$10,000	<u>\$1,000,000</u>	[\$200,000] <u>\$1,000,000</u> [\$300,000]
\$1,000	\$25,000	<u>\$1,000,000</u>	[\$100,000] <u>\$1,000,000</u> [\$200,000]

* Sec. 4. AS 21.75.050 is amended by adding a new subsection to read:

(d) Notwithstanding (a) and (c) of this section, or AS 21.09.-080, domestic reciprocal insurers duly licensed and capitalized on December 31, 1984, shall have and maintain the capital and surplus required at the date of their original license.