

**SENATE BILL NO. 53**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Introduced: 1/25/95

Referred: L&C, JUD

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to insurance, to the licensing, accreditation, examination,  
2 regulation, and solvency of persons engaged in the insurance business, including  
3 insurers, nonadmitted insurers, purchasing groups, risk retention groups, and  
4 United States branches of alien insurers; relating to the management of and the  
5 filing of reports by persons licensed or otherwise doing business under the  
6 insurance code; amending Alaska Rule of Civil Procedure 45; and providing for  
7 an effective date."

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

9 \* **Section 1.** AS 06.20.260(a) is amended to read:

10 (a) A further or other charge or amount for an examination, service, brokerage  
11 commission, expense, fee, bonus, or other thing may not be directly or indirectly  
12 charged, contracted for, or received except

13 (1) lawful fees actually paid out by the licensee to a public officer for

1 filing, recording, or releasing any instrument securing the loan, or for transferring  
2 certificate of title to a motor vehicle securing the lien or noting a lien on that  
3 certificate;

4 (2) premiums actually paid out for insurance on any one or combination  
5 of the following: pledged property of the borrower, or consumer credit [LIFE]  
6 insurance; **in this paragraph "consumer credit insurance" has the meaning given**  
7 **in AS 21.57.160** [ON THE LIFE OF ONE OR MORE BORROWERS, CREDIT LOSS  
8 OF INCOME INSURANCE, OR CREDIT DISABILITY INSURANCE TO PROVIDE  
9 INDEMNITY FOR PAYMENTS BECOMING DUE ON THE INDEBTEDNESS];

10 (3) taxable costs and expenses to which the licensee becomes entitled  
11 under general law in any court proceedings to collect a loan or to realize on the  
12 security after default;

13 (4) reasonable fees paid by a licensee for appraisals, surveys, and title  
14 insurance or reports if the loan is secured by an interest in real estate;

15 (5) a late payment fee of not more than 10 percent of the payment that  
16 is due or \$15, whichever is less.

17 \* **Sec. 2.** AS 06.20.287(a) is amended to read:

18 (a) A licensee may obtain consumer credit [LIFE, CREDIT DISABILITY,]  
19 and property insurance on open-end loans under this chapter. The consumer credit  
20 [LIFE AND CREDIT DISABILITY] insurance obtained by a licensee shall satisfy the  
21 requirements of AS 21.57. The property insurance obtained by a licensee shall satisfy  
22 the requirements of AS 21.39 and AS 21.42. The licensee shall comply with  
23 AS 21.36.160 and 21.36.165 during all transactions with borrowers involving  
24 consumer credit [LIFE, CREDIT DISABILITY] and property insurance.

25 \* **Sec. 3.** AS 21.03.010 is amended by adding a new subsection to read:

26 (c) A person who transacts insurance in this state, or relative to a subject  
27 resident, located, or to be performed in this state as or on behalf of a risk retention  
28 group or purchasing group formed under and in compliance with 15 U.S.C. 3901 -  
29 3906 (Liability Risk Retention Act), shall comply with the applicable provisions of this  
30 title.

31 \* **Sec. 4.** AS 21.03.060 is amended to read:

1           Sec. 21.03.060. PRE-EMPTION. The state hereby pre-empts the field of  
2 regulating insurers and their **managing** general agents, **insurance producers**  
3 [AGENTS], and representatives. All political subdivisions of the state, including home  
4 rule boroughs or cities, are prohibited from requiring of an insurer, **managing** general  
5 agent, **insurance producer** [AGENT], or representative regulated under this title an  
6 authorization, permit, or registration of any kind for conducting transactions lawful  
7 under the authority granted by the state under this title.

8 \* **Sec. 5.** AS 21.06.080 is amended by adding a new subsection to read:

9           (e) If the director determines that a catastrophe has occurred in this state and  
10 in good faith believes that the governor or the President of the United States has issued  
11 or is about to issue a declaration of disaster, the director may take the action that the  
12 director considers necessary to assure that a contract of insurance already issued will  
13 be honored under the terms of the contract. Actions that the director may take include  
14 emergency orders permitting the immediate licensing of adjusters to facilitate handling  
15 of claims, permitting a licensee to open or close an office, permitting a licensee to  
16 move or remove a record as required by the existence of the catastrophe, or permitting  
17 the issuance by an insurer of checks or drafts drawn on an out-of-state bank in  
18 payment of a claim. Until a declaration of the disaster has been lifted, the director  
19 may take action to respond to a disaster without a hearing. An action taken under this  
20 subsection may not remain in effect more than six months from the date that the  
21 director determines that a catastrophe has occurred unless, after a hearing, the director  
22 determines that the action is still necessary to respond to the disaster.

23 \* **Sec. 6.** AS 21.06.150(g) is amended to read:

24           (g) The director may withhold a document, information, account, record,  
25 examination, or report from the public inspection for as long as the director finds the  
26 withholding is necessary to protect a person against unwarranted injury or is in the  
27 public interest. **The director may close an examination hearing to the public when**  
28 **the director finds the closure is necessary to protect a person against unwarranted**  
29 **injury or is in the public interest.** The director may publish the examination report  
30 or a summary of it in a newspaper in the state if the director determines that the  
31 publication is in the public interest.

1 \* **Sec. 7.** AS 21.09.110 is amended to read:

2 Sec. 21.09.110. APPLICATION FOR CERTIFICATE OF AUTHORITY. To  
3 apply for an original certificate of authority an insurer shall file with the director its  
4 application, ~~[(~~ accompanied by the applicable fees set under AS 21.06.250, ~~)]~~  
5 showing its name, location of its home office, or principal office in the United States  
6 ~~[(~~ if an alien insurer ~~)]~~, kinds of insurance to be transacted, date of organization or  
7 incorporation, form of organization, state or country of domicile, and additional  
8 information that the director may reasonably require, together with the following  
9 documents, as applicable:

10 (1) if a foreign insurer, a copy of its corporate charter or articles of  
11 incorporation, with all amendments certified by the public officer with whom the  
12 originals are on file in the state or country of domicile;

13 (2) if a reciprocal insurer, copies of the power of attorney of its  
14 attorney-in-fact and of its subscribers' agreement, if any, certified by its  
15 attorney-in-fact;

16 (3) a copy of its financial statement as of the preceding December 31,  
17 and all subsequent quarterly financial statements, sworn to by at least two executive  
18 officers of the insurer, or certified by the public insurance supervisory official of the  
19 insurer's state of domicile or of entry into the United States;

20 (4) a copy of the report of last examination, if any, made of the insurer,  
21 certified by the insurance supervisory official of its state of domicile or of entry into  
22 the United States;

23 (5) appointment of the director under AS 21.09.180, as its attorney to  
24 receive service of legal process;

25 (6) if a foreign or alien insurer, a certificate of the public official  
26 having supervision of insurance in its state or country of domicile, or state of entry  
27 into the United States, showing that it is authorized to transact the kinds of insurance  
28 proposed to be transacted in this state;

29 (7) if an alien insurer, a copy of the appointment and authority of its  
30 United States manager, certified by its officer having custody of its records; **and**

31 (8) if a foreign insurer, a certificate as to deposit if it is to be tendered

1 under AS 21.09.090 [;

2 (9) SPECIMEN COPIES OF POLICIES PROPOSED TO BE  
3 OFFERED IN THIS STATE IF THEN AVAILABLE, TOGETHER WITH  
4 PREMIUMS OR PREMIUM RATES APPLICABLE IF THEN KNOWN, OR A  
5 DECLARATION THAT THE RATES AS APPLICABLE WILL BE THOSE  
6 PROMULGATED BY DESIGNATED RATING ORGANIZATIONS AUTHORIZED  
7 TO FILE RATES IN THIS STATE ON BEHALF OF THE INSURER OR BY THE  
8 INSURER].

9 \* **Sec. 8.** AS 21.09.110 is amended by adding a new subsection to read:

10 (b) Policy forms and rates that require approval under AS 21.39 or AS 21.42  
11 shall be submitted under AS 21.39.040(j) or AS 21.42.120(g) and may not be  
12 submitted with the application for a certificate of authority.

13 \* **Sec. 9.** AS 21.09.130(b) is amended to read:

14 (b) If not continued by the insurer, its certificate of authority **shall be**  
15 **suspended** [EXPIRES] at midnight on June 30 following the failure of the insurer to  
16 continue it in force. **The certificate of authority shall expire on June 30 one year**  
17 **following its suspension due to failure to continue the certificate of authority.** The  
18 director shall promptly notify the insurer of the occurrence of a failure **that may result**  
19 **in suspension** [RESULTING IN IMPENDING EXPIRATION] of its certificate of  
20 authority.

21 \* **Sec. 10.** AS 21.09 is amended by adding a new section to read:

22 Sec. 21.09.135. VOLUNTARY SURRENDER OF CERTIFICATE OF  
23 AUTHORITY. (a) A foreign admitted insurer may apply for voluntary surrender of  
24 its certificate of authority and the director may accept the application, if the foreign  
25 admitted insurer

26 (1) is in compliance with the applicable sections of this title, or the  
27 director waives in writing each condition of noncompliance;

28 (2) provides written confirmation that obligations incurred before the  
29 voluntary surrender of the certificate of authority shall be paid to guarantee funds or  
30 insurance pools established by law; and

31 (3) is domiciled in a state that is

1 (A) accredited by the National Association of Insurance  
2 Commissioners at the time of the request for voluntary surrender; or

3 (B) not accredited by the National Association of Insurance  
4 Commissioners at the time of the request and agrees in writing to be subject  
5 to

6 (i) AS 21.09.200 and 21.09.205 for a period of two  
7 years, including payment of any fee related to filing information with  
8 the director; and

9 (ii) any other provision of this title that may be required  
10 in writing by the director and for the period of time the director may  
11 specify.

12 (b) If a foreign admitted insurer who surrenders a certificate of authority  
13 ceases to exist, all business written and in force relative to a risk resident, located, or  
14 to be performed in this state shall be lawfully cancelled or reinsured. A reinsurance  
15 agreement covering all or a part of a risk described in this subsection shall be  
16 approved by the director before accepting the certificate of authority for surrender if  
17 the agreement meets the following criteria:

18 (1) insurance coverage has not deteriorated from the policies existing  
19 at the time of the transfer;

20 (2) the assuming insurer is of equal or better financial standing; and

21 (3) the assuming insurer is admitted to do business in this state, unless  
22 this requirement is waived by the director.

23 \* **Sec. 11.** AS 21.09.200(f) is amended to read:

24 (f) In addition to the requirements of (a) of this section, **an authorized** [A  
25 DOMESTIC] insurer shall file its annual statement with the National Association of  
26 Insurance Commissioners **on electronic media acceptable to the association** by the  
27 due date established by the association, and shall pay the applicable filing fee. **The**  
28 **director may waive the filing requirement if the insurer only transacts business**  
29 **in this state and only accepts risks relative to a subject resident, located, or to be**  
30 **performed in this state.** An insurer that fails to comply with this subsection is  
31 subject to the penalties specified in (e) of this section, calculated from the filing and

1 fee due date established by the National Association of Insurance Commissioners.

2 \* **Sec. 12.** AS 21.09.205 is amended by adding a new subsection to read:

3 (d) In addition to the requirements of (a) of this section, an authorized insurer  
4 shall file its quarterly statement with the National Association of Insurance  
5 Commissioners on electronic media acceptable to the association by the due date  
6 established by the association, and shall pay the applicable filing fee. The director  
7 may waive the filing requirement if the insurer only transacts business in this state and  
8 only accepts risks relative to a subject resident, located, or to be performed in this  
9 state. An insurer that fails to comply with this subsection is subject to the penalties  
10 specified in (c) of this section, calculated from the filing and fee due date established  
11 by the National Association of Insurance Commissioners.

12 \* **Sec. 13.** AS 21.09.210 is amended by adding new subsections to read:

13 (k) If, within three years after the date the tax under this section was due, an  
14 insurer discovers a mistake or misinterpretation that resulted in an overpayment of the  
15 tax in an amount exceeding \$250 in any one calendar year, the insurer may make a  
16 written request to the director for a refund. If the director determines a valid mistake  
17 or misinterpretation has occurred, the director shall refund to the insurer the amount  
18 of the excess tax by granting, at the director's discretion, a monetary refund or  
19 premium tax credit. A premium tax credit shall be used in the next calendar year to  
20 the extent possible and any unused credit shall be paid as a monetary refund. A  
21 premium tax credit may not reduce the payable tax, calculated without use of the  
22 credit, to less than zero.

23 (l) A premium tax credit granted under (k) of this section may not carry over  
24 as an attribute in a transaction under AS 21.69.610, 21.69.620, AS 21.78, or a similar  
25 transaction entered into by a foreign insurer.

26 (m) In this section, "premium tax credit" means an amount that an insurer may  
27 use as an offset against a premium tax payment.

28 \* **Sec. 14.** AS 21.09.250 is amended to read:

29 Sec. 21.09.250. PROHIBITED ACTS. An insurer doing business in this state  
30 may not make, write, place, or cause to be made, written, or placed in this state a  
31 policy, duplicate policy, or contract of insurance of any kind or character, or general

1 or floating policy upon persons or property resident, situated, or located in this state,  
2 from or through **an insurance producer** [A BROKER, AGENT], **managing** general  
3 agent, surplus line broker, or person who has not secured a license in this state. An  
4 insurer may not pay a commission or any form of remuneration to a person, firm, or  
5 organization for the writing or placing of insurance coverage in this state unless that  
6 person, firm, or organization holds a license issued by the director.

7 \* **Sec. 15.** AS 21.09 is amended by adding new sections to read:

8 Sec. 21.09.290. RISK RETENTION GROUPS. (a) A risk retention group  
9 formed in this state shall

10 (1) comply with 15 U.S.C. 3901 - 3906 (Liability Risk Retention Act);

11 and

12 (2) qualify for and hold in good standing a certificate of authority under  
13 this chapter, limited to liability insurance only.

14 (b) A risk retention group shall submit with its application for a certificate of  
15 authority

16 (1) the identity of

17 (A) the initial members of the risk retention group;

18 (B) all persons who organized the risk retention group;

19 (C) all persons who will provide administrative services to the  
20 risk retention group;

21 (D) all persons who will influence or control the activities of  
22 the risk retention group;

23 (2) the amount and nature of initial capitalization;

24 (3) a plan of operation or a feasibility study that includes the coverage,  
25 deductible, coverage limit, rate, and rating classification system for the type or class  
26 of liability insurance the group intends to offer; and

27 (4) the states in which the risk retention group intends to operate.

28 (c) At least 30 days before a domestic risk retention group implements a  
29 material change or revision to an approved plan of operation or feasibility study, the  
30 material change or revision shall be filed with the director. A material change or  
31 revision may not be implemented unless the domestic risk retention group receives the

1 director's written approval. In this subsection, "material change or revision" includes  
2 an offering of an additional type or class of liability insurance.

3 (d) In this section,

4 (1) "liability" means legal liability for damages, including costs of  
5 defense, legal costs and fees, and other claims expenses, because of injury to another  
6 person, damage to property, or other damage or loss to a person resulting from or  
7 arising out of a business, whether profit or nonprofit, trade, product, service, including  
8 a professional service, or an activity of a state or local government, or an agency or  
9 political subdivision of a state or local government; "liability" does not include  
10 personal risk liability or employer's liability with respect to its employees other than  
11 legal liability under 45 U.S.C. 51 (Federal Employers' Liability Act);

12 (2) "personal risk liability" means liability for damages because of  
13 injury to a person, damage to property, or other loss or damage resulting from a  
14 personal, familial, or household responsibility or activity and that is not a responsibility  
15 or activity described under (1) of this subsection.

16 Sec. 21.09.300. DISCLOSURE OF MATERIAL TRANSACTIONS. (a) A  
17 domestic insurer shall file a report with the director disclosing a material acquisition  
18 and disposition of assets or a material nonrenewal, cancellation, or revision of ceded  
19 reinsurance agreements unless the acquisition and disposition of assets or material  
20 nonrenewal, cancellation, or revision of ceded reinsurance agreements have been  
21 submitted to the director for review, approval, or information purposes as required by  
22 this title.

23 (b) The report required under (a) of this section is due 15 days after the end  
24 of the calendar month in which a reportable transaction occurs.

25 (c) Except as provided in this section, a report obtained by or disclosed to the  
26 director under this section is confidential, is not subject to subpoena, and may not be  
27 made public by the director, or another person, without the prior written consent of the  
28 insurer submitting the report. A report under this section may be disclosed to an  
29 insurance regulatory agency of another state or to the National Association of  
30 Insurance Commissioners, with notice of the disclosure sent to the insurer. If the  
31 director, after giving an insurer notice and an opportunity to be heard, determines that

1 the interest of policyholders, shareholders, or the public will be served by publication  
2 of the report, the director may publish all or any part of the report in a manner the  
3 director determines appropriate.

4 (d) A domestic insurer's report of an acquisition or disposition of an asset

5 (1) shall be made under (a) of this section if the acquisition or  
6 disposition is material; for purposes of this subsection, an acquisition or disposition,  
7 or the aggregate of a series of related acquisitions or related dispositions during any  
8 30-day period is material if it is nonrecurring, not in the ordinary course of business,  
9 and involves more than five percent of the reporting insurer's total admitted assets as  
10 reported in its most recent financial statement required by law that is filed with the  
11 division;

12 (2) shall be made on asset acquisition, including a purchase, lease,  
13 exchange, merger, consolidation, succession, or other acquisition other than the

14 (A) construction or development of real property by or for the  
15 reporting insurer; or

16 (B) acquisition of material for construction or development of  
17 real property;

18 (3) shall be made on asset disposition including a sale, lease, exchange,  
19 merger, consolidation, mortgage, hypothecation, assignment for the benefit of creditors,  
20 or abandonment;

21 (4) must include information on the

22 (A) date of transaction;

23 (B) manner of acquisition or disposition;

24 (C) description of the assets involved;

25 (D) nature and amount of the consideration given or received;

26 (E) purpose of, or reason for, the transaction;

27 (F) manner by which the amount of consideration was  
28 determined;

29 (G) gain or loss recognized or realized as a result of the  
30 transaction; and

31 (H) names of persons from whom the assets were acquired or

1 to whom the assets were disposed.

2 (e) A domestic insurer's report of nonrenewal, cancellation, or revision of a  
3 ceded reinsurance agreement

4 (1) shall be made under (a) of this section if the nonrenewal,  
5 cancellation, or revision is material; for purposes of this subsection, a material  
6 nonrenewal, cancellation, or revision is one that affects (A) for property and casualty  
7 business, including accident and health business when written as property and casualty  
8 business, more than 50 percent of an insurer's ceded written premium; or (B) for life,  
9 annuity, and accident and health business, more than 50 percent of the total reserve  
10 credit taken for business ceded, on an annualized basis as indicated in the insurer's  
11 most recently filed statutory statement; however, a filing is not required if the insurer's  
12 ceded written premium or the total reserve credit taken for business ceded represents,  
13 on an annual basis, less than 10 percent of direct written premiums and assumed  
14 written premiums or 10 percent of the statutory reserve requirement before a cession;

15 (2) shall be filed without regard to which party has initiated the  
16 nonrenewal, cancellation, or revision of ceded reinsurance whenever any of the  
17 following conditions exist:

18 (A) the entire cession has been cancelled, nonrenewed, or  
19 revised and ceded indemnity and loss adjustment expense reserves after a  
20 nonrenewal, cancellation, or revision represent less than 50 percent of the  
21 comparable reserves that would have been ceded had the nonrenewal,  
22 cancellation, or revision not occurred;

23 (B) an admitted or accredited reinsurer has been replaced on an  
24 existing cession by an unauthorized reinsurer; however, a report shall be filed  
25 only if the result of the revision affects more than 10 percent of the cession;  
26 or

27 (C) collateral requirements previously established for  
28 unauthorized reinsurers have been reduced; however, a report shall be filed  
29 only if the result of the revision affects more than 10 percent of the cession;  
30 and

31 (3) must include

1 (A) the effective date of the nonrenewal, cancellation, or  
2 revision;

3 (B) a description of the transaction with an identification of the  
4 initiator of the transaction;

5 (C) the purpose of, or reason for, the transaction; and

6 (D) if applicable, the identity of the replacement reinsurers.

7 (f) An insurer is required to report under (a) of this section on a  
8 nonconsolidated basis unless the insurer is part of a consolidated group of insurers that  
9 utilizes a pooling arrangement or 100 percent reinsurance agreement that affects the  
10 solvency and integrity of the insurer's reserves and the insurer ceded substantially all  
11 of its direct and assumed business to the pool. An insurer is presumed to have ceded  
12 substantially all of its direct and assumed business to a pool if the insurer has less than  
13 \$1,000,000 total direct written premiums and assumed written premiums during a  
14 calendar year that is not subject to a pooling arrangement and the net income of the  
15 business not subject to the pooling arrangement represents less than five percent of the  
16 insurer's capital and surplus.

17 Sec. 21.09.310. AUTHORIZATION OF UNITED STATES BRANCHES OF  
18 ALIEN INSURERS AND GENERAL REQUIREMENTS. (a) This section applies  
19 to all United States branches of alien insurers using this state as a state of entry to  
20 transact the business of insurance in the United States. Except as provided elsewhere  
21 in this title, a United States branch is subject to all state laws applicable to an insurer  
22 domiciled in this state.

23 (b) An alien insurer may apply for a certificate of authority to use this state  
24 as a state of entry to transact the business of insurance in the United States by

25 (1) qualifying as an insurer licensed to do business in this state; and

26 (2) establishing a trust under a trust agreement approved in writing by  
27 the director with a United States bank acceptable to the director in an amount not less  
28 than the greater of

29 (A) the minimum basic capital or basic guarantee surplus and  
30 additional maintained surplus required under AS 21.09.070; or

31 (B) the authorized control level risk based capital under

1 AS 21.14;

2 (3) submitting a copy of its charter and bylaws, if any, currently in  
3 force, and other documents necessary to show the kind of business it is authorized to  
4 transact in its domiciliary jurisdiction; documents submitted under this paragraph must  
5 be attested to as accurate and complete by the insurance supervisory official in the  
6 domiciliary jurisdiction, and must include an English translation, if in a language other  
7 than English;

8 (4) submitting a full statement, subscribed and affirmed as true by two  
9 officers or equivalent responsible representatives in a manner that the director  
10 prescribes, of its financial condition as of the close of its latest fiscal year, showing  
11 its assets, liabilities, income disbursements, business transacted, and other facts  
12 required to be shown in its annual statement, as reported to the insurance supervisory  
13 official in its domiciliary jurisdiction; all documents submitted under this paragraph  
14 must include an English translation if in a language other than English;

15 (5) submitting to an examination under AS 21.06.120(b) at its principal  
16 office within the United States, and elsewhere if necessary, unless the director accepts  
17 a report of the insurer's recent examination and the report has been certified by the  
18 insurance supervisory official of the insurer's domiciliary jurisdiction; and

19 (6) payment of fees established under AS 21.06.250.

20 (c) Before issuing or renewing a certificate of authority for a United States  
21 branch, the director may require satisfactory proof that the insurer does not intend to  
22 transact insurance business in violation of the provisions of this title or that is not  
23 authorized by its charter. Proof required under this subsection may include the alien  
24 insurer's charter, an agreement evidenced by a duly certified resolution of its board of  
25 directors, or other proof that the director may require.

26 (d) The director may renew a certificate of authority for a United States branch  
27 if satisfied, by proof the director may require, that the insurer is not delinquent with  
28 respect to a requirement or qualification imposed by this title and that its continuance  
29 to transact the business of insurance in this state will not be hazardous or prejudicial  
30 to the best interest of the people of this state.

31 (e) A United States branch may not receive or renew a certificate of authority

1 in this state

2 (1) to transact a kind of insurance or a combination of kinds of  
3 insurance that are not permitted to be transacted by domestic insurers in this state;

4 (2) if it transacts business other than the business of insurance  
5 anywhere else within the United States unless the business, in the opinion of the  
6 director, is necessarily or properly incidental to the kind of insurance that it is  
7 authorized to transact in this state;

8 (3) if it fails to keep full and correct entries of its transactions; records  
9 of entries shall at all times be maintained in its principal office within this state; or

10 (4) if it fails to comply with a requirement or limitation of this title that  
11 it is not exempted from by another provision of this title and that is applicable to  
12 similar domestic insurers and if, in the judgment of the director, the requirement or  
13 limitation is necessary to protect the interest of the policyholders.

14 (f) A United States branch that transacts a kind or combination of kinds of  
15 insurance outside this state that is not permitted to be done in this state by similar  
16 domestic insurers may not have a certificate of authority issued or renewed in this state  
17 unless, in the judgment of the director, the transaction of that kind of insurance is not  
18 prejudicial to the best interest of the people of this state.

19 (g) A United States branch shall maintain assets in a trust account in an  
20 amount not less than the United States branch's reserves and other liabilities, plus the  
21 greater of

22 (1) the minimum basic capital or basic guaranteed surplus and  
23 additional maintained surplus required under AS 21.09.070; or

24 (2) the authorized control level risk based capital under AS 21.14.

25 (h) A written trust agreement must contain provisions that

26 (1) vest legal title to trust assets in the trustees, and their lawfully  
27 appointed successors;

28 (2) require that all assets deposited in the trust be continuously kept  
29 within the United States;

30 (3) provide for substitution of a new trustee in case of a vacancy by  
31 death, resignation, or other reason, subject to the prior written approval of the director;

1 (4) require that the trustee continuously maintain a record sufficient to  
2 identify the assets of the trust fund;

3 (5) require that trustee assets consist only of cash, investments eligible  
4 for investment of the funds of domestic insurers, and accrued interest on the assets, if  
5 collectible by the trustee, subject to the limits on investment of funds by domestic  
6 insurers under this title;

7 (6) require that the trust be for the exclusive benefit, security, and  
8 protection of the policyholders, or policyholders and creditors, of the United States  
9 branch in the United States and that the trust be maintained as long as there is an  
10 outstanding liability of the alien insurer arising out of its transaction of insurance in  
11 the United States; and

12 (7) provide that withdrawal of an asset may not be made or permitted  
13 by a trustee without the prior written approval of the director except

14 (A) to make deposits required by law in a state for the security  
15 or benefit of all policyholders, or policyholders and creditors, of the United  
16 States branch in the United States;

17 (B) to withdraw funds deposited in another state under (A) of  
18 this paragraph if

19 (i) the written trust agreement requires prior written  
20 approval of the insurance supervising official of that other state;

21 (ii) written notice of the nature and extent of the  
22 withdrawal is provided to the director within 30 days of the withdrawal;  
23 and

24 (iii) the total trustee assets remaining are in excess of  
25 the total assets required to be maintained in trust under (g) of this  
26 section;

27 (C) upon the specific written direction of the United States  
28 manager, who is duly authorized and is acting under either general or specific  
29 written authority previously given or delegated by the board of directors, to  
30 substitute other assets as permitted by this title if the substituted assets are of  
31 at least equal value and quality to those withdrawn;

1 (D) to transfer assets to an official liquidator or rehabilitator  
2 under an order of a court of competent jurisdiction; or

3 (E) if provided under the terms of the written trust agreement,  
4 to pay over to the United States manager of the United States branch, upon  
5 request, income, dividends, or interest accumulations of the assets of the trust  
6 fund that are in excess of the total assets required to be maintained in trust  
7 under (g) of this section.

8 (i) A written trust agreement and all amendments to it shall be authenticated  
9 in a form and manner that the director may prescribe and may not take effect until  
10 approved by the director. The director may not approve a trust agreement unless the  
11 director makes a written finding that

12 (1) the written trust agreement or its amendments are sufficient in form  
13 and in conformity with law;

14 (2) a person designated as a trustee is eligible to act in that capacity;  
15 and

16 (3) the written trust agreement is adequate to protect the interests of the  
17 beneficiaries of the trust.

18 (j) The director may approve written modifications of, or variations in, a  
19 written trust agreement upon a finding that the proposed changes are not prejudicial  
20 to the interests of the people of this state or the United States policyholders and  
21 creditors of the United States branch.

22 (k) The director may conduct examinations of the trusted assets of an  
23 authorized United States branch at the insurer's expense and may require the trustee  
24 or trustees to file a statement, in a form as prescribed by the director, certifying the  
25 assets and amounts of the trust fund.

26 (l) The director, upon finding that the requisites for the approval of the trust  
27 agreement no longer exist, may issue an order that withdraws approval of a written  
28 trust agreement and amendments to it. An order issued under this subsection takes  
29 effect 10 days after being issued.

30 (m) In addition to all other actions permitted under this title, refusal or neglect  
31 of a trustee to comply with the requirements of this title is a cause for suspension or

1 revocation of the United States branch's certificate of authority or the liquidation of  
2 the alien insurer's United States branch.

3 (n) Annual statements under AS 21.09.200 and quarterly statements under  
4 AS 21.09.205 (1) may only relate to insurance transactions and affairs within the  
5 United States, assets held by or for the United States branch for the protection of  
6 policyholders and creditors within the United States, and liabilities incurred against  
7 those assets; and (2) may not contain a statement in regard to assets and business  
8 transacted in a place not described in this subsection. The annual and quarterly  
9 statements shall be signed and verified by the United States manager, attorney-in-fact,  
10 or a duly empowered assistant United States manager of the United States branch.

11 (o) In a form prescribed by the director, an authorized United States branch  
12 shall file with its annual and quarterly statements a statement of trustee surplus  
13 covering the same time period. The trustee surplus shall consist of the aggregate  
14 value of the United States branch's general state deposits and assets deposited with a  
15 trustee under this section, plus accrued interest income if the interest were collected  
16 by the states for the trustees, less the aggregate net amount of all its reserves and other  
17 liabilities in the United States as determined under this subsection. The items of  
18 securities and other property held under trust deeds shall be certified by the United  
19 States trustee. To determine the net amount of the United States branch's liabilities  
20 in the United States to be reported in the statement of trustee surplus, the United  
21 States branch shall adjust its total liabilities reported on its accompanying annual or  
22 quarterly statement as follows:

23 (1) by adding back liabilities used to offset admitted assets reported in  
24 the accompanying annual or quarterly statement; and

25 (2) by deducting

26 (A) unearned premiums on agent's balances or uncollected  
27 premiums not more than 90 days past due;

28 (B) reinsurance on losses with authorized insurers, less unpaid  
29 reinsurance premiums;

30 (C) reinsurance recoverables on paid losses from unauthorized  
31 insurers that are included as an asset in the annual statement, but only to the

1 extent a liability for unauthorized recoverables as described in this paragraph  
2 are included in the liabilities report in the trustee surplus statement;

3 (D) special state deposits held for the exclusive benefit of  
4 policyholders, or policyholders and creditors, of a particular state not exceeding  
5 net liabilities reported for that state;

6 (E) secured accrued retrospective premiums;

7 (F) if a life insurer,

8 (i) the amount of its policy loans to policyholders within  
9 the United States, not exceeding the amount of legal reserve required  
10 on an affected policy; and

11 (ii) the net amount of uncollected and deferred  
12 premiums; and

13 (G) other nontrustee assets, upon a written finding by the  
14 director that the other nontrustee assets secure liabilities in a substantially  
15 similar manner to those permitted under this subsection.

16 (p) In addition to the annual and quarterly statements and the statements of  
17 trustee surplus, the director may require additional information relating to total  
18 business or assets, or any portion of them, of the alien insurer or its United States  
19 branch.

20 (q) In addition to the general statement of the financial condition of the United  
21 States branch, a report of examination must include a trustee surplus statement as of  
22 the date of the examination.

23 (r) In this section,

24 (1) "trustee assets" are the assets maintained in a trust account under  
25 (g) of this section;

26 (2) "United States branch" means the business unit through which  
27 business is transacted within the United States by an alien insurer and the assets and  
28 liabilities of the insurer within the United States applicable to that business.

29 \* **Sec. 16.** AS 21.12.020(a) is amended to read:

30 (a) Credit for reinsurance transactions shall be allowed a domestic ceding  
31 insurer as either an asset or a deduction from liability on account of reinsurance ceded

1 only if the reinsurance is ceded to an

2 (1) assuming insurer that is licensed to transact insurance or reinsurance  
3 in this state;

4 (2) assuming insurer that is accredited as a reinsurer in this state; an  
5 accredited reinsurer is one that

6 (A) **files evidence of submission** [SUBMITS] to this state's  
7 jurisdiction, submits to this state's authority to examine its books and records  
8 **under AS 21.06.120**, is licensed to transact insurance or reinsurance in at least  
9 one state that is accredited by the National Association of Insurance  
10 Commissioners, **or, in the case of a United States branch of an alien**  
11 **admitted insurer, is entered through and licensed to transact insurance or**  
12 **reinsurance in at least one state that is accredited by the National**  
13 **Association of Insurance Commissioners;** [AND FILES ANNUALLY WITH  
14 THE DIRECTOR A COPY OF THE REINSURER'S ANNUAL STATEMENT  
15 FILED WITH THE INSURANCE DEPARTMENT OF THE REINSURER'S  
16 STATE OF DOMICILE AND A COPY OF THE REINSURER'S MOST  
17 RECENT AUDITED FINANCIAL STATEMENT; OR]

18 (B) [IN THE CASE OF A UNITED STATES BRANCH OF  
19 AN ALIEN ASSUMING INSURER, IS ENTERED THROUGH, AND  
20 LICENSED TO TRANSACT INSURANCE OR REINSURANCE IN, AT  
21 LEAST ONE STATE ACCREDITED BY THE NATIONAL ASSOCIATION  
22 OF INSURANCE COMMISSIONERS, FILES ANNUALLY WITH THE  
23 DIRECTOR A COPY OF ITS ANNUAL FINANCIAL STATEMENT THAT  
24 IS FILED WITH THE INSURANCE REGULATORY AGENCY OF ITS  
25 STATE OF DOMICILE, AND] maintains at least \$20,000,000 in policyholder  
26 surplus **and whose accreditation has not been denied by the director within**  
27 **90 days of application to the director, or maintains less than \$20,000,000**  
28 **in policyholder surplus and whose application for accreditation has been**  
29 **approved by the director; and**

30 (C) **files annually with the director a copy of the reinsurer's**  
31 **annual financial statement filed with the insurance department of the**

1           reinsurer's state of domicile or state of entry and a copy of the reinsurer's  
2           most recent audited financial statement [THE SURPLUS REQUIREMENTS  
3           IN THIS SUBPARAGRAPH DO NOT APPLY TO REINSURANCE CEDED  
4           AND ASSUMED UNDER A POOLING ARRANGEMENT AMONG  
5           INSURERS IN THE SAME HOLDING COMPANY SYSTEM];

6                     (3) assuming insurer that is domiciled in a state, or in the case of a  
7           United States branch of an alien assuming insurer, is entered through a state accredited  
8           by the National Association of Insurance Commissioners that employs standards  
9           regarding credit for reinsurance ceded substantially similar to those applicable under  
10          (1) and (2) of this subsection, the assuming insurer maintains a policyholder surplus  
11          of at least \$20,000,000, and the assuming insurer submits to the authority of this state  
12          to examine its books and records; the surplus requirements in this paragraph do not  
13          apply to reinsurance ceded and assumed under a pooling arrangement among insurers  
14          in the same holding company system;

15                    (4) assuming alien insurer that

16                             (A) maintains a trust fund in a qualified United States financial  
17          institution for the payment of the valid claims of its United States policyholders  
18          and ceding insurers, and their assigns and successors in interest, that conforms  
19          to the following requirements:

20                                     (i) the trust shall be established in a form approved by  
21          the director; the trust instrument must provide that contested claims are  
22          valid and enforceable upon the final order of any court of competent  
23          jurisdiction in the United States; the trust shall vest legal title to its  
24          assets in the trustees of the trust for its United States policyholders and  
25          ceding insurers, their assigns, and successors in interest; the trust and  
26          the assuming insurer are subject to examination as determined by the  
27          director; the trust must remain in effect for so long as the assuming  
28          insurer has outstanding liabilities due under the reinsurance agreements  
29          subject to the trust;

30                                     (ii) on or before March 1 of each year the trustees shall  
31          report in writing to the director on the balance of the trust and list the

1 trust's investments at the end of the preceding year, and shall certify the  
2 date of termination of the trust, if so planned, or certify that the trust  
3 does not expire before the following December 31;

4 (iii) in the case of a single assuming insurer, the trust  
5 shall consist of trust money representing the assuming insurer's  
6 liabilities attributable to business written in the United States and, in  
7 addition, include a trust surplus of not less than \$20,000,000; the single  
8 assuming insurer shall make available to the director an annual  
9 certification of the insurer's solvency by the insurer's domiciliary  
10 regulator and by an independent public accountant;

11 (iv) in the case of a group, **including incorporated and**  
12 **[OF] individual unincorporated insurers, the trust shall consist of trust**  
13 **money representing the group's liabilities attributable to business**  
14 **written in the United States and, in addition, include a trust surplus not**  
15 **less than \$100,000,000; the incorporated members of the group may**  
16 **not be engaged in any business other than underwriting as a**  
17 **member of the group and are subject to the same level of solvency**  
18 **regulation and control by the group's domiciliary regulator as are**  
19 **the unincorporated members;** the group shall make available to the  
20 director an annual certification of the solvency of each **insurer** [OF  
21 THE INDIVIDUAL UNINCORPORATED INSURERS] by the group's  
22 domiciliary regulator and by an independent certified public accountant,  
23 **or, for a Canadian or British insurer, an independent Canadian or**  
24 **British chartered accountant;**

25 (v) in the case of a group of incorporated insurers under  
26 common administration that complies with the reporting requirements  
27 contained in (ii) of this subparagraph, that has continuously transacted  
28 an insurance business outside the United States for at least three years  
29 immediately before making application for accreditation, that submits  
30 to this state's authority to examine its books and records and bears the  
31 expense of the examination, and that has aggregate policyholders'

1 surplus of \$10,000,000,000, the trust shall be in an amount equal to the  
2 group's several liabilities attributable to business ceded by United States  
3 ceding insurers to a member of the group under reinsurance contracts  
4 issued in the name of the group, and the group shall maintain a joint  
5 trustee surplus, of which \$100,000,000 shall be held jointly for the  
6 benefit of United States ceding insurers of a member of the group as  
7 additional security for the group's liabilities, and each member of the  
8 group shall make available to the director an annual certification of the  
9 member's solvency by the member's domiciliary regulator and the  
10 member's independent certified public accountant, **or, for a Canadian**  
11 **or British insurer, the member's independent Canadian or British**  
12 **chartered accountant**; and

13 (B) reports annually to the director information substantially the  
14 same as that required to be reported on the National Association of Insurance  
15 Commissioners' annual statement form by licensed insurers to enable the  
16 director to determine the sufficiency of the trust fund;

17 (5) assuming insurer that does not meet the requirements of (1) - (4)  
18 of this subsection, but only with respect to the insurance of risks located in  
19 jurisdictions where the reinsurance is required by applicable law or regulation of that  
20 jurisdiction.

21 \* **Sec. 17.** AS 21.12.020(g) is amended to read:

22 (g) **An** [A LIFE] insurer may receive credit for reinsurance transactions if the  
23 reinsurance agreement meets all applicable requirements established by the director.

24 \* **Sec. 18.** AS 21.14.040 is amended to read:

25 Sec. 21.14.040. AUTHORIZED CONTROL LEVEL EVENT. If an authorized  
26 control level event occurs, the director shall take the action necessary

27 (1) under **AS 21.14.030(a)** [AS 21.14.030(b)] against the insurer; or

28 (2) to place the insurer under regulatory control under AS 21.78 if,  
29 after a hearing under AS 21.06.180 - 21.06.240, the director determines it to be in the  
30 best interest of the policyholders and creditors of the insurer, and of the public.

31 \* **Sec. 19.** AS 21.18.060(b) is amended to read:

1 (b) The director may require that the reserves be equal to the unearned  
 2 portions of the gross premiums in force after deducting applicable reinsurance in  
 3 solvent insurers as computed on each respective risk from the policy's date of issue.  
 4 [EXCEPT AS REQUIRED BY THE DIRECTOR UNDER THIS SUBSECTION, THE  
 5 PORTIONS OF THE GROSS PREMIUM IN FORCE, LESS APPLICABLE  
 6 REINSURANCE IN SOLVENT INSURERS, TO BE HELD AS AN UNEARNED  
 7 PREMIUM RESERVE SHALL BE COMPUTED ACCORDING TO THE  
 8 FOLLOWING TABLE:

9 TERM FOR WHICH POLICY	RESERVE FOR UNEARNED
10 WAS WRITTEN	PREMIUM
11 1 YEAR OR LESS .....	1/2
12 2 YEARS .....	1ST YEAR 3/4
	2ND YEAR 1/4
14 3 YEARS .....	1ST YEAR 5/6
	2ND YEAR 1/2
	3RD YEAR 1/6
17 4 YEARS .....	1ST YEAR 7/8
	2ND YEAR 5/8
	3RD YEAR 3/8
	4TH YEAR 1/8
21 5 YEARS .....	1ST YEAR 9/10
	2ND YEAR 7/10
	3RD YEAR 1/2
	4TH YEAR 3/10
	5TH YEAR 1/10
26 OVER 5 YEARS .....	PRO RATA.]

27 \* **Sec. 20.** AS 21.18.060(c) is amended to read:

28 (c) An [IN LIEU OF COMPUTATION ACCORDING TO THE TABLE IN  
 29 (b) OF THIS SECTION, THE] insurer shall [AT ITS OPTION MAY] compute all of  
 30 the reserves on a monthly or more frequent pro rata basis.

31 \* **Sec. 21.** AS 21.18.090 is amended to read:

1           Sec. 21.18.090. LOSS RESERVES, LIABILITY INSURANCE, AND  
2 WORKERS' COMPENSATION. Where required in the form of annual statement  
3 required of the insurer, the reserve for outstanding losses under insurance against loss  
4 or damage from accident to or injuries suffered by an employee or other person and  
5 for which the insured is liable shall be computed as follows:

6           (1) for all liability claims under policies written more than three  
7 years before the end of the calendar year covered by the annual statement, the  
8 reserve shall be the undiscounted value of the determined and the estimated  
9 future payments [SUITS BEING DEFENDED UNDER POLICIES WRITTEN MORE  
10 THAN

11                           (A) 10 YEARS BEFORE THE DATE THE STATEMENT IS  
12 MADE, \$1,500 FOR EACH SUIT;

13                           (B) FIVE OR MORE AND LESS THAN 10 YEARS BEFORE  
14 THE STATEMENT IS MADE, \$1,000 FOR EACH SUIT;

15                           (C) THREE OR MORE AND LESS THAN FIVE YEARS  
16 BEFORE THE STATEMENT IS MADE, \$850 FOR EACH SUIT];

17           (2) for all liability policies written during the three years immediately  
18 preceding the date the statement is made, the reserve shall be **the greater of** 60  
19 percent of the earned liability premiums of each of the three years less all losses and  
20 expense payments made under liability policies written in the corresponding years **or**  
21 **the undiscounted value of the known and unknown claims**; [BUT THE RESERVE,  
22 FOR THE FIRST OF THE THREE YEARS, SHALL BE NOT LESS THAN \$750  
23 FOR EACH OUTSTANDING LIABILITY SUIT ON THE YEAR'S POLICIES];

24           (3) for all workers' compensation claims under policies written more  
25 than three years before **the end of the calendar year covered by the annual**  
26 statement [IS MADE], the reserve **may not** [SHALL] be **less than** the present value  
27 at four percent interest of the determined and the estimated future payments;

28           (4) for all workers' compensation claims under policies written in the  
29 three years immediately preceding the **end of the calendar year covered by** [DATE]  
30 the **annual** statement [IS MADE], the reserve **may not** [SHALL] be **less than** 65  
31 percent of the earned **workers'** compensation premiums of each of the three years, less

1 all loss and loss expense payments made in connection with the claims under policies  
2 written in the corresponding years; [BUT IN THE FIRST YEAR OF THE  
3 THREE-YEAR PERIOD,] the reserve may not [SHALL] be [NOT] less than the  
4 present value at four [4] percent interest of the determined and the estimated unpaid  
5 compensation claims under policies written during the three-year period [YEAR].

6 \* **Sec. 22.** AS 21.18.110(a) is amended to read:

7 (a) The director shall annually value, or cause to be valued, the reserve  
8 liabilities (hereinafter called reserves) for all outstanding life insurance policies and  
9 annuity and pure endowment contracts of every life insurer doing business in this state,  
10 and may certify the amount of the reserves, specifying the mortality table or tables,  
11 rate or rates of interest, and methods (net level premium method or other) used in the  
12 calculation of the reserves. In calculating the reserves, the director may use group  
13 methods and approximate averages for fractions of a year or otherwise. For an alien  
14 insurer, the valuation shall be limited to its insurance transactions in the United States.  
15 For the purpose of making the valuation the director may employ a competent actuary  
16 who shall be paid by the insurer for which the service is rendered [; BUT A  
17 DOMESTIC INSURER MAY MAKE THE VALUATION AND IT MAY BE  
18 RECEIVED BY THE DIRECTOR UPON SATISFACTORY PROOF OF ITS  
19 CORRECTNESS]. For a foreign or alien insurer, the director may accept, in [IN]  
20 lieu of the valuation of the reserves required of a foreign or alien insurer, [THE  
21 DIRECTOR MAY ACCEPT] a valuation made, or caused to be made, by the  
22 insurance supervisory official of a state or other jurisdiction if the valuation complies  
23 with the minimum standard provided in this section and if the official of the state or  
24 jurisdiction accepts as sufficient and valid for all legal purposes the certificate of  
25 valuation of the director when the certificate states the valuation was made in a  
26 specified manner in which the aggregate reserves would be at least as large as if they  
27 had been computed in the manner prescribed by the law of that state or jurisdiction.  
28 An insurer that at any time adopted a standard of valuation producing greater aggregate  
29 reserves than those calculated according to the minimum standard provided in this  
30 section may, with the approval of the director, adopt a lower standard of valuation, but  
31 not lower than the minimum provided in this section.

1 \* **Sec. 23.** AS 21.18.110(n) is amended to read:

2 (n) The actuarial opinion must

3 (1) be submitted with the annual statement reflecting the valuation of  
4 the reserve liabilities;

5 (2) apply to all business in force, including individual and group health  
6 insurance plans;

7 (3) be based on standards adopted by the Actuarial Standards Board;  
8 and

9 (4) **unless exempted by regulation**, include an assessment as to  
10 whether the reserves and related actuarial items held in support of the policies and  
11 contracts, when considered in light of the assets held by an insurer with respect to the  
12 reserves and related actuarial items, including investment earnings on the assets and  
13 considerations anticipated to be received and retained under policies and contracts,  
14 make adequate provision for an insurer's obligations under a policy or contract  
15 including the benefits under and expenses associated with a policy or contract.

16 \* **Sec. 24.** AS 21.18.110(q) is amended to read:

17 (q) A qualified actuary who submits an opinion under (m) of this section

18 (1) is not liable for damages to a person, other than the insurance  
19 company and the director, for an act, error, omission, decision, or conduct with respect  
20 to the actuary's opinion except in a case of fraud or wilful misconduct;

21 (2) is subject to disciplinary action by the director; and

22 (3) shall **prepare** [INCLUDE] a memorandum, in form and substance  
23 acceptable to the director, to support the actuarial opinion.

24 \* **Sec. 25.** AS 21.18.110(r) is amended to read:

25 (r) If the insurer fails to provide a supporting memorandum **as requested by**  
26 **the director** [REQUIRED BY (q)(3) OF THIS SECTION] within a period specified  
27 by regulation or the director determines that the supporting memorandum fails to meet  
28 the standards adopted by regulation or is otherwise unacceptable to the director, the  
29 director may engage a qualified actuary, at the expense of the insurer, to review the  
30 opinion and the basis for the opinion and to prepare a supporting memorandum as  
31 required under (q) of this section.

1 \* **Sec. 26.** AS 21.21.230 is amended to read:

2           Sec. 21.21.230. SAVINGS AND LOAN. To the extent that the account is  
3 insured by the Federal **Deposit** [SAVINGS AND LOAN] Insurance Corporation, an  
4 insurer may invest in share or savings accounts of savings and loan and building and  
5 loan associations.

6 \* **Sec. 27.** AS 21.21.250(a) is amended to read:

7           (a) An insurer may make loans or investments not otherwise expressly  
8 permitted under this chapter, in aggregate amount not over five percent of the insurer's  
9 assets and not over one percent of the **insurer's** assets **for** [OF] any one loan or  
10 investment, if the loan or investment fulfills the requirements of AS 21.21.030, and  
11 otherwise qualifies as a sound investment. However, a loan or investment may not be  
12 represented by

13                       (1) an item described in AS 21.18.030, or a loan or investment  
14 otherwise expressly prohibited;

15                       (2) agents' balances, or amounts advanced to or owing by agents or  
16 former agents of the insurer, whether or not secured; except policy loans, mortgage  
17 loans, and collateral loans otherwise authorized under this chapter;

18                       (3) a category of loans or investments eligible under other provisions  
19 of this chapter; **or**

20                       (4) an asset theretofore acquired or held by the insurer under any other  
21 category of loans or investments eligible under this chapter.

22 \* **Sec. 28.** AS 21.21.370(a) is amended to read:

23           (a) A domestic insurer may [NOT] acquire, directly or indirectly, a medium  
24 grade or lower grade obligation of an institution if, after giving effect to the  
25 acquisition,

26                       (1) the aggregate amount of all medium grade and lower grade  
27 obligations held by the domestic insurer **does not exceed** [EXCEEDS] 20 percent of  
28 its admitted assets **and** if not more than

29                                       (A) 10 percent of its admitted assets consist of obligations rated  
30 four, five, or six by the securities valuation office;

31                                       (B) three percent of its admitted assets consist of obligations

1                   rated five or six by the securities valuation office; and  
2                                   (C) one percent of its admitted assets consist of obligations  
3                   rated six by the securities valuation office; and [OR]  
4                                   (2) the aggregate amount of all medium grade and [OR] lower grade  
5                   obligations held by the domestic insurer does not exceed [EXCEEDS] 30 percent of  
6                   its policyholders' surplus account as shown by the insurer's most recent report filed  
7                   under AS 21.06.150, AS 21.09.200, or 21.09.205.

8 \* **Sec. 29.** AS 21.22.010(g) is amended to read:

9                   (g) The provisions of this section do not apply to  
10                                   (1) an offer of, request for, invitation for, or agreement regarding [,  
11                   OR] acquisition of a voting security that, immediately before the consummation of the  
12                   offer, request, invitation, agreement, or acquisition, was not issued and outstanding; or  
13                                   (2) an offer, request, invitation, agreement, or acquisition that the  
14                   director by order may exempt as not having been made or entered into for the purpose  
15                   and not having the effect of changing or influencing the control of the domestic  
16                   insurer.

17 \* **Sec. 30.** AS 21.22.030 is amended by adding a new subsection to read:

18                   (d) The director may retain at the acquiring person's expense an attorney,  
19                   actuary, accountant, or other expert not otherwise a part of the director's staff, if  
20                   reasonably necessary to assist the director in reviewing the proposed acquisition of  
21                   control.

22 \* **Sec. 31.** AS 21.22.060(b) is amended to read:

23                   (b) Every insurer subject to registration shall file a registration statement on  
24                   a form provided by the director, that must contain current information about  
25                                   (1) the capital structure, general financial condition, ownership, and  
26                   management of the insurer and any person controlling the insurer;  
27                                   (2) the identity of every member of the insurance holding company  
28                   system;  
29                                   (3) the following agreements in force, relationships subsisting, and  
30                   transactions currently outstanding between the insurer and its affiliates:  
31                                   (A) loans, other investments, or purchases, sales, or exchanges

1 of securities of the affiliates by the insurer or of the insurer by its affiliates;

2 (B) purchases, sales, or exchanges of assets;

3 (C) transactions not in the ordinary course of business;

4 (D) guarantees or undertakings for the benefit of an affiliate that  
5 result in an actual contingent exposure of the insurer's assets to liability, other  
6 than insurance contracts entered into in the ordinary course of the insurer's  
7 business;

8 (E) all management and service contracts and all cost-sharing  
9 arrangements [, OTHER THAN COST ALLOCATION ARRANGEMENTS  
10 BASED UPON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES];  
11 and

12 (F) reinsurance agreements [COVERING ALL OR  
13 SUBSTANTIALLY ALL OF ONE OR MORE LINES OF INSURANCE OF  
14 THE CEDING COMPANY]; **and**

15 (4) other matters concerning transactions between registered insurers  
16 and any affiliates that may be included from time to time in a registration form  
17 adopted or approved by the director.

18 \* **Sec. 32.** AS 21.22.060(c) is amended to read:

19 (c) The director may permit an authorized insurer that is a member of a  
20 holding company system subject to registration under the laws or regulations of its  
21 state of domicile that are in the opinion of the director substantially similar to those  
22 contained in this chapter to satisfy the requirements of (a) of this section by filing a  
23 statement in accordance with the laws of its state of domicile [EXCEPT THAT THE  
24 DIRECTOR MAY AT ANY TIME REQUIRE A COPY OF THAT STATEMENT BE  
25 FILED WITH THE DIRECTOR].

26 \* **Sec. 33.** AS 21.22.060(d) is amended to read:

27 (d) **Information** [NO INFORMATION] need **not** be disclosed on the  
28 registration statement filed under (b) of this section if that information is not material  
29 for the purposes of this section. Unless the director by regulation or order provides  
30 otherwise, sales, purchases, exchanges, loans or extensions of credit, or investments,  
31 involving one-half of one percent **or less** of an insurer's admitted assets or five percent

1 or less of the policyholder's surplus as of the 31st day of December of the calendar  
2 year in which the transaction took place are not considered material for purposes of  
3 this section.

4 \* **Sec. 34.** AS 21.22.060(k) is amended to read:

5 (k) An insurer subject to registration under (a) of this section shall register  
6 annually by April 1 of each year for the previous calendar year unless, for good cause  
7 shown, the director extends the time for registration. The director may require an  
8 insurer [AUTHORIZED TO DO BUSINESS IN THE STATE, THAT IS A MEMBER  
9 OF A HOLDING COMPANY SYSTEM AND] that is **allowed to register as**  
10 **provided** [NOT SUBJECT TO REGISTRATION] under (c) [(a)] of this section, to  
11 furnish a copy of

12 (1) the registration statement;

13 (2) [,] the summary specified in (l) of this section; [,] or

14 (3) other information filed by the insurer with the insurance regulatory  
15 authority of the insurer's state of domicile.

16 \* **Sec. 35.** AS 21.27.010(a) is amended to read:

17 (a) **Except as provided otherwise in this chapter, a** [A] person may not act  
18 as or represent to be an insurance producer, managing general agent, reinsurance  
19 intermediary broker, reinsurance intermediary manager, surplus lines broker, or  
20 independent adjuster in this state or relative to a subject resident, located, or to be  
21 performed in this state unless licensed under this chapter. A person may not act as or  
22 represent to be a managing general agent, reinsurance intermediary broker, or  
23 reinsurance intermediary manager representing an insurer domiciled in this state  
24 regarding a risk located outside this state unless licensed by this state.

25 \* **Sec. 36.** AS 21.27.020 is amended by adding a new subsection to read:

26 (f) The director may

27 (1) adopt regulations establishing additional education or experience  
28 requirements for applicants or licensees under this chapter upon due consideration of  
29 the availability and accessibility of education and training opportunities in rural areas  
30 of the state; and

31 (2) make arrangements, including contracting with an outside agency,

1 for administrative services.

2 \* **Sec. 37.** AS 21.27.025(a) is amended to read:

3 (a) A licensee shall notify the director within 30 days in writing by certified  
4 mail of a change in residence, employment that is licensed under this chapter, place  
5 of business, **legal name, fictitious name or alias**, mailing address, or phone number;  
6 a suspension, [OR] revocation, **or disciplinary action** of a license by another state or  
7 jurisdiction; or a conviction of a misdemeanor or felony.

8 \* **Sec. 38.** AS 21.27.060(d) is amended to read:

9 (d) This section does not apply to an applicant

10 (1) for a limited license under AS 21.27.150~~(1), (2), or (6)~~;

11 (2) who, at any time within the two-year period immediately preceding  
12 the date the current pending application is received by the division, had been licensed  
13 in good standing in this state under a license requiring substantially similar  
14 qualifications as required by the license applied for; or

15 (3) whose license in **its** [THE] resident jurisdiction requires the same  
16 qualifications as the license applied for in this state if the license in all jurisdictions  
17 is in good standing [AND ITS RESIDENT JURISDICTION IS ACCREDITED BY  
18 THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS].

19 \* **Sec. 39.** AS 21.27.100 is amended by adding a new subsection to read:

20 (e) An individual in a firm who acts solely on behalf of a firm that is  
21 appointed as an agent on behalf of an admitted insurer under this section, may not be  
22 required to also have an appointment if the individual in the firm is licensed with that  
23 firm.

24 \* **Sec. 40.** AS 21.27.130 is amended to read:

25 Sec. 21.27.130. FORM AND CONTENT OF LICENSES. A license shall be  
26 in the form the director prescribes and must set out

27 (1) the name and [MAILING] address of the licensee, and, if the  
28 licensee is required to have a place of business, the physical address of the place of  
29 business;

30 (2) if for a firm, the name of the principal or manager of the firm;

31 (3) the kind or class of insurance the licensee is licensed to handle;

- 1 (4) the effective date and expiration date of the license;  
2 (5) the condition under which the license is granted;  
3 (6) the date of issuance of the license;  
4 (7) each fictitious name and alias under which the licensee may do  
5 business; and  
6 (8) other information required by the director.

7 \* **Sec. 41.** AS 21.27.360(b) is amended to read:

8 (b) All money, except that made payable to the insurer, representing premium  
9 taxes and fees, premiums or return premiums received by the licensee, shall be  
10 received in the fiduciary account of the licensee and shall be promptly accounted for  
11 and paid to the person entitled to the money. **The fiduciary account shall be located**  
12 **in this state unless the licensee is licensed as a nonresident under AS 21.27.270.**

13 For purposes of this section, the fiduciary account of the firm shall be considered the  
14 fiduciary account of an individual licensee acting on behalf of the firm and shall be  
15 the responsibility of the firm. Money deposited into a fiduciary account may not be  
16 commingled or otherwise combined with other money, except as allowed under (d) of  
17 this section and AS 21.27.365.

18 \* **Sec. 42.** AS 21.27.380(a) is amended to read:

19 (a) Except as provided in this title, the director may renew a license biennially  
20 on a date set by the director if the licensee continues to be qualified under this chapter  
21 **and on or before the close of business of the renewal date, meets all renewal**  
22 **requirements established by regulation** and **pays the** [IF] renewal license fees set  
23 under AS 21.06.250 for each license **to** [ARE RECEIVED BY] the director [ON OR  
24 BEFORE THE CLOSE OF BUSINESS OF THE RENEWAL DATE]. A licensee is  
25 responsible for knowing the date that a license lapses and for renewing a license before  
26 expiration. The director shall mail a renewal notice to the licensee's current address  
27 on file with the director 30 days before the renewal date.

28 \* **Sec. 43.** AS 21.27.420 is amended by adding a new subsection to read:

29 (c) With the consent of an applicant or licensee, the director may issue or  
30 renew a license with restrictions upon the scope of the person's license or may  
31 otherwise restrict or condition the activities of the licensee if the director determines

1 that the person has violated the provisions of this title or to protect the public from  
2 injury or potential injury.

3 \* **Sec. 44.** AS 21.27.530 is amended to read:

4 Sec. 21.27.530. INSURANCE PRODUCER QUALIFICATIONS. In addition  
5 to the general qualifications under AS 21.27.020, to qualify for issuance or renewal of  
6 an insurance producer license, an applicant or licensee

7 (1) must possess the competence necessary to fulfill the responsibilities  
8 of an insurance producer;

9 (2) if previously licensed in good standing in this state as an insurance  
10 producer, must not have had a license suspended or revoked within the previous four  
11 calendar years;

12 (3) for a fraternal society limited insurance producer license, shall file  
13 with the application a statement by an officer or director of the appointing fraternal  
14 society that affirms that the society has satisfied itself that the applicant is trustworthy  
15 and competent to act as its insurance agent;

16 (4) for a license with a scope that includes variable contracts, must  
17 either be currently registered with the federal Securities and Exchange Commission as  
18 a broker-dealer or personally take and pass, to the satisfaction of the director, tests of  
19 the knowledge and competence of the applicant concerning securities; and

20 (5) except for an applicant or licensee who represents to be and acts  
21 solely on behalf of admitted insurers as an agent and who does not receive money  
22 required to be received in the fiduciary account of the licensee, shall file with the  
23 application and maintain in force while licensed a bond in the amount of \$10,000,  
24 unless a greater amount is required by another provision of this title; **a licensee who**  
25 **maintains more than one place of business may satisfy the bond requirement with**  
26 **a single bond.**

27 \* **Sec. 45.** AS 21.27.570(a)(3)(B) is amended to read:

28 (B) the controlling insurance producer shall render accounts to  
29 the controlled insurer detailing all transactions, including information **in the**  
30 **accounts** necessary to support compensation, commissions, charges, and other  
31 fees received by, or owing to, the controlling producer;

1 \* **Sec. 46.** AS 21.27.620(j) is amended to read:

2 (j) If the director determines after a hearing under AS 21.06.170 - 21.06.240  
3 that a managing general agent caused loss **or damage** arising out of a violation of  
4 AS 21.27.590 - 21.27.630 to an insurer, the director may order the managing general  
5 agent to make restitution to the insurer, **receiver**, [THE] rehabilitator, or [THE]  
6 liquidator of the insurer for the loss. Restitution ordered under this subsection is in  
7 addition to any other liability of the managing general agent and does not affect the  
8 rights of a policy holder, claimant, creditor, or third party. **The director may, at the**  
9 **request of the insurer, maintain or bring a civil action brought by or on behalf**  
10 **of the insurer and its policyholders and creditors for recovery of compensatory**  
11 **damages for the benefit of the insurer and its policyholders and creditors or seek**  
12 **other appropriate relief. If an order of rehabilitation or liquidation of the insurer**  
13 **has been entered under AS 21.78, the receiver appointed under the order**  
14 **determines that a person has not materially complied with AS 21.27.590 -**  
15 **21.27.630 or an order of the director, and the insurer suffers loss or damage from**  
16 **the noncompliance, the receiver may bring a civil action for the recovery of**  
17 **damages or other appropriate sanctions for the benefit of the insurer.**

18 \* **Sec. 47.** AS 21.27.690(b) is amended to read:

19 (b) **An** [A DOMESTIC] insurer may use a nonresident reinsurance  
20 intermediary broker who is not licensed under this chapter if the person is licensed in  
21 good standing as a resident reinsurance intermediary broker by an insurance regulator  
22 of another state that is accredited by the National Association of Insurance  
23 Commissioners. Upon written request, the director may grant written permission for  
24 a domestic insurer to use an alien reinsurance intermediary broker not licensed by and  
25 without a place of business in a jurisdiction subject to accreditation by the National  
26 Association of Insurance Commissioners if the alien reinsurance intermediary broker  
27 is licensed in good standing by its domiciliary insurance regulator. The domestic  
28 insurer and unlicensed reinsurance intermediary broker are subject to all other  
29 requirements of this section.

30 \* **Sec. 48.** AS 21.27.690(e) is amended to read:

31 (e) If the director determines after a hearing under AS 21.06.170 - 21.06.240

1 that a reinsurance intermediary broker caused losses **or damage** arising out of a  
2 violation of AS 21.27.670 - 21.27.700 to an insurer or reinsurer, the director may order  
3 the reinsurance intermediary broker to make restitution to the insurer, reinsurer,  
4 **receiver**, rehabilitator, or liquidator of the insurer or reinsurer for the net losses  
5 incurred by the insurer or reinsurer. Restitution ordered under this subsection is in  
6 addition to any other liability of the reinsurance intermediary broker and does not  
7 affect the rights of a policyholder, claimant, creditor, or third party. **The director**  
8 **may, at the request of the insurer, maintain or bring a civil action brought by or**  
9 **on behalf of the reinsurer or insurer and its policyholders and creditors for**  
10 **recovery of compensatory damages for the benefit of the reinsurer or insurer and**  
11 **its policyholders and creditors or seek other appropriate relief. If an order of**  
12 **rehabilitation or liquidation of the insurer has been entered under AS 21.78, the**  
13 **receiver appointed under the order determines that a person has not materially**  
14 **complied with AS 21.27.670 - 21.27.700 or an order of the director, and the**  
15 **insurer suffers loss or damage from the noncompliance, the receiver may bring**  
16 **a civil action for the recovery of damages or other appropriate sanctions for the**  
17 **benefit of the insurer.**

18 \* Sec. 49. AS 21.27.760(j) is amended to read:

19 (j) If the director determines after a hearing under AS 21.06.170 - 21.06.240  
20 that a reinsurance intermediary manager caused losses **or damage** arising out of a  
21 violation of AS 21.27.730 - 21.27.770 to an insurer or reinsurer, the director may order  
22 the reinsurance intermediary manager to make restitution to the insurer, reinsurer,  
23 **receiver**, rehabilitator, or liquidator of the insurer or reinsurer for the net losses  
24 incurred by the insurer or reinsurer. Restitution ordered under this subsection is in  
25 addition to any other liability of the reinsurance intermediary manager and does not  
26 affect the rights of a policyholder, claimant, creditor, or third party. **The director**  
27 **may, at the request of the insurer, maintain or bring a civil action brought by or**  
28 **on behalf of the reinsurer or insurer and its policyholders and creditors for**  
29 **recovery of compensatory damages for the benefit of the reinsurer or insurer and**  
30 **its policyholders and creditors or seek other appropriate relief. If an order of**  
31 **rehabilitation or liquidation of the insurer has been entered under AS 21.78, the**

1 receiver appointed under the order determines that a person has not materially  
2 complied with AS 21.27.730 - 21.27.770 or an order of the director, and the  
3 insurer suffers loss or damage from the noncompliance, the receiver may bring  
4 a civil action for the recovery of damages or other appropriate sanctions for the  
5 benefit of the insurer.

6 \* Sec. 50. AS 21.34.040(c)(4) is amended to read:

7 (4) a Lloyd's or other similar **group including incorporated and**  
8 **individual** unincorporated **underwriters**, [GROUP OF ALIEN INDIVIDUAL  
9 INSURERS] may qualify if it maintains a trust fund in an amount not less than  
10 \$50,000,000, as security to the full amount, for the protection of all its policy holders  
11 and creditors of each member of the group in the United States; **the incorporated**  
12 **members may not be engaged in any business other than underwriting as a**  
13 **member of the group and shall be subject to the same level of solvency regulation**  
14 **and control by the group's domiciliary regulator as are the unincorporated**  
15 **members**; the trust fund must consist of instruments of substantially the same  
16 character and quality as those that are eligible investments for the capital and statutory  
17 reserves of admitted insurers authorized to write like kinds of insurance in this state  
18 or of irrevocable, clean, and unconditional letters of credit; the trust fund must have  
19 an expiration date that at no time is less than five years;

20 \* Sec. 51. AS 21.34.080(c) is amended to read:

21 (c) A producing broker shall execute and deliver to the surplus lines broker not  
22 later than the end of each month on a form prescribed by the director, and a surplus  
23 lines broker shall file with the director with the report required by (a) of this section  
24 or with the surplus lines association with the evidence of insurance required by (b) of  
25 this section, for surplus lines insurance first placed or renewed in the preceding  
26 calendar month, an affidavit that shall be open to public inspection, as to the diligent  
27 efforts to place the coverage with admitted insurers, and the results of those efforts.  
28 The affidavit must contain a statement by the **producing** broker that the insured was  
29 expressly informed in writing before **the** [PLACEMENT OF THE SURPLUS LINES]  
30 insurance **contract or coverage was bound** that the surplus lines insurer with whom  
31 the insurance was to be placed is not licensed in this state, is not subject to this state's

1 supervision, and, in the event of the insolvency of the surplus lines insurer, losses will  
2 not be covered under AS 21.80 (Alaska Insurance Guaranty Association Act).

3 \* **Sec. 52.** AS 21.34.110 is amended to read:

4 Sec. 21.34.110. SURPLUS LINES BROKER'S DUTY TO NOTIFY  
5 INSURED. (a) A contract of insurance placed by a surplus lines broker under this  
6 chapter is not binding upon the insured and a premium charged is not due and payable  
7 until

8 (1) the surplus lines broker has notified the insured in writing, a copy  
9 of which shall be maintained by the licensee with the records of the contract, available  
10 for examination, that the insurer with which the surplus lines broker places the  
11 insurance does not hold a certificate of authority issued by this state and is not subject  
12 to its supervision, and in the event of the insolvency of the surplus lines insurer, losses  
13 will not be covered under AS 21.80 (Alaska Insurance Guaranty Association Act); or

14 (2) the surplus lines broker has obtained the affidavit of the  
15 producing broker that the notice required under AS 21.34.080(c) has been given  
16 to the insured; a licensee shall maintain a copy of the affidavit with the record of  
17 the contract available for examination.

18 (b) Nothing in this section may be construed as nullifying [SHALL  
19 NULLIFY] an agreement by an insurer to provide insurance.

20 \* **Sec. 53.** AS 21.34.190(a) is amended to read:

21 (a) The fee for filing the statement under AS 21.34.180(b) is an amount equal  
22 to one percent on gross premium charged less any return premiums during the  
23 preceding calendar year [QUARTER]. The surplus lines broker shall pay the fee at  
24 the time of filing of the statement.

25 \* **Sec. 54.** AS 21.36.120(d) is amended to read:

26 (d) Nothing in this section may be construed as prohibiting the payment of  
27 commissions or other compensation to persons duly transacting business under  
28 AS 21.27 [LICENSED AGENTS OR SOLICITORS], or as prohibiting an insurer from  
29 allowing or returning to its participating policyholders, members, or subscribers, lawful  
30 dividends, savings, or unabsorbed premium deposits.

31 \* **Sec. 55.** AS 21.36.160 is amended to read:

1           Sec. 21.36.160. RIGHT OF DEBTOR OR BORROWER TO SELECT  
2           **INSURANCE PRODUCER** [AGENT, BROKER,] AND INSURER. If property  
3 insurance is required in connection with a debt or loan, the debtor or borrower has the  
4 reasonable right to select the **insurance producer** [AGENT, BROKER,] and insurer  
5 through whom the insurance is to be placed if (1) the insurance is provided for the  
6 protection of the creditor's or lender's interest in the property at the commencement  
7 of the risk; or (2) in the case of renewal of insurance, the renewal policy is delivered  
8 to the creditor or lender no later than 30 days before the renewal date.

9   \* **Sec. 56.** AS 21.36.195 is amended to read:

10           Sec. 21.36.195. SURPLUS LINES BROKERS **AND INSURANCE**  
11 **PRODUCERS**; PROHIBITED ACTS. A surplus lines broker **or an insurance**  
12 **producer** may not fail to provide **evidence** [THE EVIDENCES] of insurance,  
13 affidavits, filings, or reports, or fail to maintain the records, or fail to pay the taxes and  
14 fees, required under AS 21.34.

15   \* **Sec. 57.** AS 21.36.235(a) is amended to read:

16           (a) Except as provided in **AS 21.36.305** [AS 21.36.420], if the renewal  
17 premium is increased more than 10 percent for a reason other than an increase in  
18 coverage or exposure base, or if after renewal there will be a material restriction or  
19 reduction in coverage not specifically requested by the insured, written notice shall be  
20 mailed to the insured and to the agent or broker of record as required by AS 21.36.260

21                   (1) at least 20 days before expiration of a personal insurance policy;  
22 or

23                   (2) at least 45 days before expiration of a business or commercial  
24 policy.

25   \* **Sec. 58.** AS 21.36.290 is amended to read:

26           Sec. 21.36.290. POLICY PERIOD. **Except as described in (b) of this**  
27 **section, a** [A] policy with a policy period or term of less than 12 months shall, for the  
28 purposes of AS 21.36.210 - 21.36.310, be considered to be written for a policy period  
29 or term of 12 months except in case of cancellation under any of the circumstances  
30 specified in AS 21.36.210, and a policy written for a term longer than one year or a  
31 policy with no fixed expiration date shall be considered to be written for successive

1 policy periods or terms of one year and termination by an insurer effective on an  
2 anniversary date of the policy shall be considered a failure to renew.

3 \* **Sec. 59.** AS 21.36.290 is amended by adding a new subsection to read:

4 (b) For determining the appropriate rate or premium, a personal automobile  
5 insurance policy with a policy period or term of less than six months shall, for the  
6 purposes of AS 21.36.210 - 21.36.310, be considered to be written for a policy period  
7 or term of six months.

8 \* **Sec. 60.** AS 21.36 is amended by adding a new section to read:

9 Sec. 21.36.305. **PREMIUM INCREASES ON PERSONAL AUTOMOBILE**  
10 **INSURANCE POLICIES.** (a) An insurer may not increase the premium on a personal  
11 automobile insurance policy unless the increase applies to all insureds of the same  
12 class.

13 (b) An insurer may not increase the premium or add a surcharge to a personal  
14 automobile insurance policy because of the issuance of a citation for a moving traffic  
15 violation unless the insured or another person who resides in the insured's household  
16 and is covered by the policy has been convicted of the violation or has entered a plea  
17 of no contest to the violation.

18 (c) The director shall adopt regulations to determine circumstances under  
19 which an insurer may increase the premium or add a surcharge to a personal  
20 automobile insurance policy.

21 (d) An insurer that increases the premium or adds a surcharge to a personal  
22 automobile insurance policy may only make the increase or surcharge effective on the  
23 renewal date of the policy.

24 (e) An insurer that increases the premium or adds a surcharge to a personal  
25 automobile insurance policy shall give written notice of the increase or surcharge at  
26 least 20 days before it takes effect, stating the reason for the change and the right of  
27 appeal under AS 21.39.090. This subsection does not apply to

28 (1) premium increase resulting from a change requested by an insured,  
29 if the insured is notified at the time the request is made that the amount of the  
30 insured's premium will change as a result of the requested policy change; or

31 (2) rate approved by the director if the insurer gives written notice of

1 a premium increase to the insured at least 20 days before the renewal date of the  
2 affected policy.

3 \* **Sec. 61.** AS 21.36.360(i) is amended to read:

4 (i) A criminal insurance act is committed by **a person** [AN INSURER] doing  
5 business in this state **or relative to a subject resident, located, or to be performed**  
6 **in this state** who knowingly

7 (1) writes, places, or causes to be written or placed in this state **or**  
8 **relative to a subject resident, located, or to be performed in this state** a policy,  
9 duplicate policy, or contract of insurance of any kind or character, or general or  
10 floating policy upon persons or property resident, situated, or located in this state, from  
11 or through a **person not authorized to transact business under AS 21.27 or a risk**  
12 **retention group or purchasing group not registered under AS 21.89.070**  
13 [BROKER, AGENT, SURPLUS LINE BROKER, OR PERSON WHO HAS NOT  
14 SECURED A GENERAL AGENT LICENSE IN THIS STATE]; or

15 (2) pays a commission or **other** form of remuneration to a person, firm,  
16 or organization for the writing or placing of insurance coverage in this state **or relative**  
17 **to a subject resident, located, or to be performed in this state** unless that person,  
18 firm, or organization **is authorized under AS 21.27 to transact** [HOLDS A LICENSE  
19 ISSUED BY THE DIRECTOR FOR] the kind **or class** of insurance written or placed,  
20 **or, in the case of a risk retention group or purchasing group, is registered under**  
21 **AS 21.89.070.**

22 \* **Sec. 62.** AS 21.36.360(j) is amended to read:

23 (j) A criminal insurance act is committed by a person in this state **or relative**  
24 **to a subject resident, located, or to be performed in this state** who acts as an  
25 insurance **producer, managing general** agent, **third-party administrator,**  
26 **reinsurance intermediary** broker, **reinsurance intermediary manager, surplus lines**  
27 **broker** [SOLICITOR], or **independent** adjuster without being licensed by the director  
28 **as required under this title or as a risk retention group or purchasing group**  
29 **without being registered as required under AS 21.89.070.** A criminal insurance act  
30 is committed by an **insurance producer, managing general** agent, **third-party**  
31 **administrator, reinsurance intermediary** broker, **reinsurance intermediary**

1 manager, or surplus lines broker [OR SOLICITOR] who solicits or takes application  
2 for, procures, or places for others any insurance for which the person is not licensed  
3 as required under AS 21.27 or for which the license of the person has been  
4 suspended or revoked. A criminal insurance act is committed by a person in this  
5 state or relative to a subject resident, located, or to be performed in this state who  
6 acts as or on behalf of a risk retention group or a purchasing group that is not  
7 registered under AS 21.89.070 [THIS SUBSECTION DOES NOT APPLY TO A  
8 PERSON DESCRIBED IN AS 21.90.910 OR TO A PERSON SECURING AND  
9 FORWARDING INFORMATION REQUIRED FOR THE PURPOSE OF A GROUP  
10 INSURANCE COVERING THE UNPAID BALANCE OR REMAINING PAYMENTS  
11 PROPOSED TO BE MADE IN CONNECTION WITH THE PURCHASE OF  
12 MERCHANDISE OR SERVICES IF NO COMMISSION OR OTHER  
13 COMPENSATION IS PAYABLE ON ACCOUNT OF THE INSURANCE TO THE  
14 PERSON].

15 \* **Sec. 63.** AS 21.36.360(k) is amended to read:

16 (k) A criminal insurance act is committed by an insurance producer,  
17 managing general agent, [GENERAL AGENT,] third-party administrator,  
18 reinsurance intermediary broker, reinsurance intermediary manager, or surplus  
19 lines broker [OR SOLICITOR] who knowingly compensates or offers to compensate  
20 in any manner a person other than an insurance producer, managing [AGENT,]  
21 general agent, third-party administrator, reinsurance intermediary broker,  
22 reinsurance intermediary manager, or surplus lines broker [OR SOLICITOR]  
23 licensed as required under this title in this or another jurisdiction [STATE OR  
24 PROVINCE], for procuring or in any manner helping to procure applications for or to  
25 place insurance in this state. A criminal insurance act is committed by a person in  
26 this state or relative to a subject resident, located, or to be performed in this state  
27 who acts as or on behalf of a risk retention group or a purchasing group that is  
28 not registered under AS 21.89.070. This subsection does not apply to the payment  
29 of compensation that is not contingent upon volume of business transacted in the form  
30 of salaries to the regular employees of the insurance producer, managing general  
31 agent, third-party administrator, reinsurance intermediary [GENERAL AGENT,]

1 broker, reinsurance intermediary manager, or surplus lines broker [OR  
2 SOLICITOR].

3 \* **Sec. 64.** AS 21.36.360(n) is amended to read:

4 (n) A criminal insurance act is committed by an agent, managing general  
5 agent, third-party administrator, reinsurance intermediary broker, reinsurance  
6 intermediary manager, or other representative of an insurer involved in the procuring  
7 or issuance of an insurance contract who intentionally fails to report to the insurer the  
8 exact amount of consideration charged as premium for the contract and to maintain  
9 records showing that information.

10 \* **Sec. 65.** AS 21.36.360(p) is amended to read:

11 (p) A fraudulent insurance act is committed by a person who  
12 (1) violates a provision of this title or a regulation issued under it;  
13 (2) falsely makes, completes, or alters a certificate of insurance or  
14 other document relating to insurance;  
15 (3) knowingly possesses a forged certificate of insurance or other  
16 document relating to insurance; or  
17 (4) knowingly issues a forged certificate of insurance or other  
18 document relating to insurance.

19 \* **Sec. 66.** AS 21.36.360(q) is amended to read:

20 (q) A fraudulent or criminal insurance act described in  
21 (1) (b) of this section that is committed to obtain \$10,000 or more is  
22 a class B felony;  
23 (2) (c) or (d) of this section is a class B felony;  
24 (3) (b) of this section that is committed to obtain \$500 or more but less  
25 than \$10,000 is a class C felony;  
26 (4) (e), (f), (g), [OR] (h), or (p)(2) - (4) of this section is a class C  
27 felony;  
28 (5) (b) of this section that is committed to obtain less than \$500 is a  
29 class A misdemeanor;  
30 (6) (i), (j), (k), (l), (m), or (n) of this section is a class A misdemeanor;  
31 (7) (o) of this section is a class B misdemeanor; and

1 (8) (p)(1) [(p)] of this section is a class B misdemeanor unless another  
2 specific penalty is provided for the violation of the provision.

3 \* **Sec. 67.** AS 21.36.380 is amended to read:

4 Sec. 21.36.380. NOTICE ON CLAIM FORM. A claim form must contain a  
5 statement that states in substance the following: "A person who knowingly and with  
6 intent to injure, defraud, or deceive an insurance company files a claim containing  
7 false, incomplete, or misleading information **may be prosecuted under state law** [IS  
8 GUILTY OF A FELONY]." A lack of the statement on a claim form does not  
9 constitute a defense to prosecution under this title.

10 \* **Sec. 68.** AS 21.39.040 is amended by adding new subsections to read:

11 (j) An insurer who has submitted an application for a certificate of authority  
12 under AS 21.09.110 and a filing of policy forms under AS 21.42.120 may file a  
13 proposed rating system as described in this section. The director's approval of the  
14 rating system is contingent upon the issuance of a certificate of authority under  
15 AS 21.09.120.

16 (k) The director may adopt regulations detailing the format and content of a  
17 rating system filing under this section.

18 \* **Sec. 69.** AS 21.39 is amended by adding a new section to read:

19 Sec. 21.39.055. CANCELLATION OF APPROVED FILING. The voluntary  
20 surrender of a certificate of authority or the failure of the surrendering admitted foreign  
21 insurer to continue a certificate of authority in force has the effect of cancelling an  
22 approval that the insurer may have received under this chapter, unless the approval has  
23 been affirmed by the director at the time of the surrender or noncontinuation of the  
24 certificate of authority.

25 \* **Sec. 70.** AS 21.39.155(a) is amended to read:

26 (a) The director may require **insurers** [CARRIERS], except a reciprocal  
27 insurer formed by and insuring only a group of municipalities or nonprofit public  
28 utilities under AS 21.75 or a reciprocal insurer formed under AS 21.75 to provide  
29 marine insurance, [OR A JOINT INSURANCE ARRANGEMENT FORMED UNDER  
30 AS 21.76,] as a condition of writing a line of insurance dealing with medical  
31 malpractice or workers' compensation, to participate in an assigned risk pool if the

1 director finds that mandatory carrier participation is in the public interest.

2 \* **Sec. 71.** AS 21.42.120 is amended by adding new subsections to read:

3 (f) This section does not apply to a type of insurance subject to AS 21.57.

4 (g) An insurer who has submitted an application for a certificate of authority  
5 under AS 21.09.110 may file a proposed policy form as described in this section. The  
6 director's approval of the policy form is contingent upon the issuance of a certificate  
7 of authority under AS 21.09.120.

8 (h) The director may adopt regulations detailing the format and content of the  
9 filing of a policy form under this section.

10 \* **Sec. 72.** AS 21.42.345 is amended by adding a new subsection to read:

11 (b) An insurer authorized under AS 21.09 to offer, issue for delivery, deliver,  
12 or renew an individual or group disability insurance policy for medical coverage on  
13 an expense incurred basis in the state, or a hospital or medical service corporation  
14 authorized under AS 21.87 to offer or renew an individual or group subscriber's  
15 contract for medical coverage in the state, shall offer coverage for family members,  
16 including newly born children, adopted children, or children placed for adoption and  
17 is subject to the conditions in (a) of this section, regardless of the marital status of the  
18 covered person.

19 \* **Sec. 73.** AS 21.56.180(c) is amended to read:

20 (c) Except as provided in this subsection, a small employer insurer may not,  
21 directly or indirectly, enter into a contract, agreement, or arrangement with an  
22 **insurance producer** [AGENT, BROKER], managing general agent, or third-party  
23 administrator that provides for or results in the compensation paid to an **insurance**  
24 **producer** [AGENT OR BROKER] for the sale of a health benefit plan to be varied  
25 because of the health status, claims experience, industry, occupation, or geographic  
26 location of the small employer. This subsection does not apply to a compensation  
27 arrangement that provides compensation to an **insurance producer** [AGENT,  
28 BROKER], managing general agent, or third-party administrator on the basis of a  
29 percentage of premium, provided that the percentage does not vary because of the  
30 health status, claims experience, industry, occupation, or geographic area of the small  
31 employer.

1 \* **Sec. 74.** AS 21.56.180(d) is amended to read:

2 (d) A small employer insurer

3 (1) shall provide reasonable compensation, as provided under the plan  
4 of operation of the program, to an insurance producer [AGENT, BROKER],  
5 managing general agent, or third-party administrator, if any, for the sale of a basic or  
6 standard health benefit plan;

7 (2) or insurance producer [AGENT, BROKER], managing general  
8 agent, or third-party administrator may not induce or otherwise encourage a small  
9 employer to separate or otherwise exclude an employee from health coverage or  
10 benefits provided in connection with the employee's employment;

11 (3) may only deny an application for coverage from a small employer  
12 in writing and if the reasons for the denial are stated.

13 \* **Sec. 75.** AS 21.57.010 is amended to read:

14 Sec. 21.57.010. PURPOSE. The purpose of this chapter is to promote the  
15 public welfare by regulating consumer credit [LIFE INSURANCE AND CREDIT  
16 DISABILITY] insurance. Nothing in this chapter is intended to prohibit or discourage  
17 reasonable competition. The provisions of this chapter shall be liberally construed.

18 \* **Sec. 76.** AS 21.57.020 is repealed and reenacted to read:

19 Sec. 21.57.020. APPLICABILITY. Consumer credit insurance transacted in  
20 connection with a credit transaction for a personal, household, or family purpose is  
21 subject to the provisions of this chapter except

22 (1) insurance written in connection with a credit transaction that is

23 (A) secured by a first mortgage or first deed of trust; and

24 (B) made to finance the purchase of real property, the  
25 construction of a dwelling, or to refinance a prior credit transaction made for  
26 that purpose;

27 (2) an isolated insurance transaction by the insurer not related to an  
28 agreement or a plan for insuring debtors of the creditor;

29 (3) insurance for which no identifiable charge is made to the debtor;

30 or

31 (4) a loan or other credit transaction that exceeds \$30,000.

1 \* **Sec. 77.** AS 21.57.030 is repealed and reenacted to read:

2 Sec. 21.57.030. AUTHORIZED TYPES OF CONSUMER CREDIT  
3 INSURANCE. A type of consumer credit insurance defined in AS 21.57.160 may be  
4 written separately or in combination with other types of consumer credit insurance on  
5 an individual or group basis.

6 \* **Sec. 78.** AS 21.57.040 is repealed and reenacted to read:

7 Sec. 21.57.040. AMOUNT OF CONSUMER CREDIT INSURANCE. (a) The  
8 amount of coverage for credit life insurance payable at the time of loss

9 (1) may not exceed the greater of the actual net debt or the scheduled  
10 net debt, except insurance on an

11 (A) agricultural credit transaction commitment, not exceeding  
12 one year in duration, may be written up to the amount of the loan commitment  
13 on a nondecreasing or level term plan; and

14 (B) educational credit transaction commitment may be written  
15 for the net outstanding balance plus any unused commitment;

16 (2) may not be less than the actual net debt less any payments more  
17 than two months overdue if the coverage is written on the actual outstanding net debt;

18 (3) may not exceed the following if the coverage is written on the  
19 scheduled outstanding net debt:

20 (A) the scheduled net debt if the actual net debt is less than or  
21 equal to the scheduled net debt;

22 (B) the actual net debt if the actual net debt is greater than the  
23 scheduled net debt but less than or equal to the scheduled net debt plus two  
24 months of payments; or

25 (C) the scheduled net debt plus two months of payments if the  
26 actual net debt is greater than the scheduled net debt plus two months of  
27 payments;

28 (4) must equal the actual net debt on the date of death if a premium is  
29 assessed to the debtor on a monthly basis and is based on the actual net debt; and

30 (5) may be less than the net debt when the partial coverage is  
31 calculated using one of the following:

1 (A) the amount of insurance is the lesser of a stated amount and  
2 the amount is determined by (2) of this subsection;

3 (B) the amount of insurance is the lesser of a stated amount and  
4 the amount is determined by (3) of this subsection;

5 (C) the amount of insurance is a constant percentage of the  
6 amount determined by (2) or (3) of this subsection; or

7 (D) in the absence of any preexisting condition exclusion, the  
8 amount of insurance payable in the event of death due to natural causes is  
9 limited to the balance as it existed six months before the date of death if

10 (i) there has been at least one increase in the outstanding  
11 balance during that six-month period, other than an increase due to the  
12 accrual of interest or late charges; and

13 (ii) evidence of individual insurability has not been  
14 required during that six-month period.

15 (b) The director may provide for other patterns of insurance consistent with  
16 (a) of this section by regulation.

17 (c) The total amount of periodic indemnity payable in the event of disability  
18 or unemployment, as defined in the policy, may not exceed the sum of the periodic  
19 scheduled unpaid installments of the gross debt. The amount of a periodic indemnity  
20 payment may not exceed the original gross debt divided by the number of periodic  
21 installments.

22 (d) If credit disability insurance or credit unemployment insurance is written  
23 in connection with an open-end consumer credit agreement, the amount of insurance  
24 may not exceed the gross debt that would accrue on the amount using the creditor's  
25 minimum repayment schedule. The periodic indemnity need not relate to the creditor's  
26 minimum repayment schedule.

27 \* **Sec. 79.** AS 21.57.050 is repealed and reenacted to read:

28 Sec. 21.57.050. DURATION OF COVERAGE. (a) The effective date of  
29 coverage for

30 (1) consumer credit insurance that is elected by the debtor before or  
31 contemporaneous with a credit transaction is the date when the debtor becomes

1 obligated to the creditor, except that when evidence of individual insurability is  
2 required and the evidence is furnished more than 30 days after the date when the  
3 debtor becomes obligated to the creditor, the effective date may be the date on which  
4 the insurance company determines the evidence to be satisfactory;

5 (2) insurance coverage that is elected by the debtor on a date  
6 subsequent to the date of the credit transaction is, subject to acceptance by the insurer,  
7 a date not earlier than the date the election is made by the debtor or later than 30 days  
8 following the date on which the insurer accepts the risk for coverage; an insurer shall  
9 determine if a risk is acceptable by an objective method, including one related to a  
10 particular date within a billing or repayment cycle or a calendar month; and

11 (3) a group policy that provides coverage with respect to a debt existing  
12 on the policy effective date, must be on or after the effective date of the group policy.

13 (b) A charge for insurance may not be made to the debtor and retained by the  
14 creditor or insurer for a time before commencement of the consumer credit insurance  
15 to which the charge is related.

16 (c) The duration of coverage for consumer credit insurance may not extend

17 (1) beyond the termination date specified in the policy; the termination  
18 date of insurance may precede, coincide with, or follow the scheduled maturity date  
19 of the debt to which it relates, subject to any other requirements and restrictions of this  
20 chapter; and

21 (2) more than 15 days beyond the scheduled maturity date of the debt  
22 except when extended

23 (A) without additional cost to the debtor; or

24 (B) under a written agreement signed by the debtor, in  
25 connection with a variable interest rate credit transaction or a deferral, renewal,  
26 refinancing, or consolidation of debt.

27 (d) If the debt is discharged due to renewal, refinancing, or consolidation  
28 before the scheduled termination date of the insurance, insurance in force must be  
29 terminated before new insurance may be written in connection with the renewed,  
30 refinanced, or consolidated debt.

31 (e) If insurance coverage terminates before the scheduled termination of the

1 insurance, the insurer shall make an appropriate refund or credit to the debtor. The  
2 refund or credit must consist of the unearned insurance charge paid by the debtor for  
3 insurance after the date of the termination, except that a refund is not required of a  
4 charge made for insurance if the insurance is terminated by performance of the  
5 insurer's obligation with respect to the insurance.

6 (f) An insured debtor may terminate consumer credit insurance at any time by  
7 providing advance notice to the insurer. The individual policy or group certificate may  
8 require that the notice be in writing or that the debtor surrender the individual policy  
9 or group certificate, or both. The debtor's right to terminate coverage may also be  
10 subject to the terms of the credit transaction contract.

11 \* **Sec. 80.** AS 21.57 is amended by adding a new section to read:

12 Sec. 21.57.055. DISCLOSURE TO DEBTORS. (a) Before a debtor elects to  
13 purchase consumer credit insurance in connection with a credit transaction, the insurer  
14 shall disclose the following in writing to the debtor:

15 (1) the purchase of consumer credit insurance is optional and not a  
16 condition of obtaining credit approval;

17 (2) if more than one kind of consumer credit insurance is being made  
18 available to the debtor, whether the debtor can purchase the insurance separately or the  
19 multiple coverage only as a package;

20 (3) the conditions of eligibility;

21 (4) if the debtor has other insurance that covers the risk, the debtor may  
22 not want or need credit insurance;

23 (5) if the creditor requires consumer credit insurance as additional  
24 security for a debt, the debtor has the option of furnishing the required amount of  
25 insurance through existing policies owned or procured by the debtor or of procuring  
26 and furnishing the required insurance through an insurer authorized to transact  
27 insurance business in this state;

28 (6) the effective date of the coverage;

29 (7) the debtor may cancel the coverage within the first 30 days after  
30 receiving the individual policy or group certificate and have a premium paid by the  
31 debtor refunded or credited; thereafter, the debtor may cancel the policy at any time

1 during the term of the loan and receive a refund of unearned premium;

2 (8) a brief description of the coverage, including

3 (A) the amount;

4 (B) the term;

5 (C) any exceptions, limitations, or exclusions;

6 (D) the insured event;

7 (E) any waiting or elimination period;

8 (F) any deductible;

9 (G) any applicable waiver of premium provision;

10 (H) to whom the benefits would be paid; and

11 (I) the premium rate for a coverage or for multiple coverage in

12 a package;

13 (9) if the premium or insurance charge is financed, it is subject to  
14 finance charges at the rate applicable to the credit transaction or at another specified  
15 rate; and

16 (10) whether or not the benefits provided are sufficient to pay off the  
17 debt in full, including finance charges unearned at the time of the claim.

18 (b) The disclosure required in (a) of this section shall be provided in the  
19 following manner:

20 (1) in connection with consumer credit insurance offered  
21 contemporaneously with the extension of credit or offered through direct mail  
22 advertisements, the disclosure shall be presented to the consumer in a clear and  
23 conspicuous manner; or

24 (2) in conjunction with the offer of credit insurance subsequent to the  
25 extension of credit by other than direct mail advertisements, the initial disclosure may  
26 be provided orally as long as written disclosure is provided to the debtor not later than  
27 10 days after the offer or the date any other written material is provided to the debtor,  
28 whichever occurs first.

29 (c) If the debtor elects to purchase coverage, the delivery of the disclosure  
30 required in (b) of this section shall be acknowledged by the debtor at the time of  
31 delivery, and the insurer shall maintain the debtor's written acknowledgement for at

1 least five years.

2 \* **Sec. 81.** AS 21.57.060 is repealed and reenacted to read:

3 Sec. 21.57.060. PROVISIONS OF POLICIES AND CERTIFICATES OF  
4 INSURANCE. (a) Consumer credit insurance shall be evidenced by an individual  
5 policy or a group certificate of insurance.

6 (b) The individual policy or group certificate must, in addition to other  
7 requirements of law, set out

8 (1) the name and home office address of the insurer;

9 (2) the name of the debtor;

10 (3) the premium to be paid by the debtor disclosed separately for each  
11 kind of coverage or for all coverage in a package, except that for open-ended loans,  
12 the premium rate and the basis of premium calculation must be specified;

13 (4) a full description of the coverage including the amount, the term,  
14 and any exceptions, limitations, or exclusions;

15 (5) a statement that the benefits shall be paid to the creditor to reduce  
16 or extinguish the unpaid debt and that, whenever the amount of insurance benefit  
17 exceeds the unpaid debt, the excess is payable to the debtor, a beneficiary other than  
18 the creditor named by the debtor, or the debtor's estate;

19 (6) an explanation of how refunds are calculated in the event of policy  
20 termination; and

21 (7) if the benefit is not adequate to completely pay off the debt existing  
22 on the date of death or disability, a statement to that effect on the face of the  
23 individual policy or group certificate in not smaller than 10 point, bold face type.

24 \* **Sec. 82.** AS 21.57.070 is repealed and reenacted to read:

25 Sec. 21.57.070. REQUIREMENTS FOR EVIDENCE OF INSURANCE. (a)  
26 Unless the individual policy or group certificate of insurance is delivered to the debtor  
27 at the time the debt is incurred or when the debtor elects to purchase coverage, a copy  
28 of the application for the policy or a notice of proposed insurance, signed by the  
29 debtor and setting out (1) the name and home office address of the insurer, (2) the  
30 name of the debtor, (3) the premium rate to be paid by the debtor for the insurance,  
31 and (4) the amount, term, and a brief description of the coverage provided, shall be

1 delivered to the debtor at the time the debt is incurred or the election to purchase  
2 coverage is made. The copy of the application for or notice of proposed insurance  
3 must refer exclusively to insurance coverage and must be separate and apart from the  
4 loan, sale, other credit statement of account, instrument, or agreement, unless the  
5 information required by this subsection is prominently set out in it. Upon acceptance  
6 of the insurance by the insurer and within 30 days of the date upon which the debt is  
7 incurred or the election to purchase coverage is made, the insurer shall deliver the  
8 individual policy or group certificate of insurance to the debtor. The application or  
9 notice of proposed insurance must state that upon acceptance by the insurer, the  
10 insurance shall become effective as provided in AS 21.57.050(a).

11 (b) The application or notice of proposed insurance may be used to fulfill all  
12 of the requirements of AS 21.57.055(a) and 21.57.060(b) if it contains all of the  
13 information required by those subsections.

14 (c) A debtor has 30 days from the date the debtor receives the individual  
15 policy or the group certificate to review the coverage purchased. At any time within  
16 the 30-day period, the debtor may contact the creditor or insurer issuing the policy or  
17 certificate and request that the coverage be cancelled. An individual policy or group  
18 certificate may require the request be in writing, that the policy or certificate be  
19 returned to the insurer, or both. If a policy is cancelled, the insurer shall return a full  
20 refund or credit of all premiums or insurance charges to the debtor within 30 days.

21 (d) If the named insurer does not accept the risk, the debtor shall receive a  
22 policy or certificate of insurance listing the name and home office address of the  
23 substituted insurer and the amount of the premium to be charged. If the amount of  
24 premium is less than the amount in the notice of proposed insurance, the insurer shall  
25 issue an appropriate refund within 30 days. If the risk is not accepted by an insurer,  
26 a premium paid by the debtor shall be refunded or credited to the debtor within 30  
27 days of the date of application.

28 (e) For the purposes of (a) of this section, an individual policy or group  
29 certificate delivered in conjunction with an open-end consumer credit agreement or  
30 consumer credit insurance requested by the debtor after the date of the debt is  
31 considered to be delivered at the time the debt is incurred or election to purchase

1 coverage is made if the delivery occurs within 30 days of the date the insurance is  
2 effective.

3 (f) An individual policy or group certificate delivered in conjunction with an  
4 open-end consumer credit agreement shall continue from its effective date through the  
5 term of the agreement unless the individual policy or group certificate is terminated  
6 under its terms at an earlier date.

7 \* **Sec. 83.** AS 21.57.080 is repealed and reenacted to read:

8 Sec. 21.57.080. FILING OF FORMS AND RATES. (a) An insurance policy,  
9 certificate of insurance, notice of proposed insurance, insurance disclosure notice,  
10 insurance advertisement, application for insurance, endorsement, and rider delivered  
11 or issued for delivery in this state, and the applicable schedules of premium rates shall  
12 be filed with the director before being used.

13 (b) A document required to be filed under (a) of this section must be on file  
14 for a waiting period of 30 days before it is used or becomes effective, unless the  
15 director gives prior written approval. This period may be extended for an additional  
16 30 days if the director gives written notice within the waiting period to the insurer  
17 making the filing. The director shall disapprove a filing if the premium rate charged  
18 is not reasonable in relation to benefits or if it contains provisions that are unjust,  
19 unfair, inequitable, misleading, deceptive, encourage misrepresentation of the policy,  
20 or are contrary to a provision of this title or a regulation adopted under this title. A  
21 filing is considered to be approved unless it is disapproved by the director within the  
22 waiting period.

23 (c) If the director notifies the insurer that a document required to be filed  
24 under (a) of this section is disapproved, the insurer may not issue or use any part of  
25 the document. In providing notice of disapproval to the insurer, the director shall  
26 specify the reason for disapproval and indicate that the insurer is entitled to a hearing.

27 (d) The director may, at any time after a hearing, withdraw approval of a filing  
28 on the grounds specified under (b) of this section. The director shall provide the  
29 insurer at least 20 days' prior written notice of a hearing scheduled by the director, and  
30 the notice of the hearing must state the reason for the proposed withdrawal.

31 (e) An insurer may not issue or use a document required to be filed under (a)

1 of this section after the effective date of a withdrawal of approval under (d) of this  
2 section.

3 (f) If a group policy of consumer credit insurance (1) has been delivered in  
4 this state before July 1, 1995, or (2) has been or is delivered in another state before  
5 or after July 1, 1995, the insurer shall be required to file only the group certificate and  
6 notice of proposed insurance delivered or issued for delivery in this state as specified  
7 in AS 21.57.060(b) and 21.57.070(a).

8 (g) Consumer credit insurance forms used for insurance described under (f) of  
9 this section shall be approved by the director if they conform with the requirements  
10 specified in this section and if the schedules of premium rates applicable to the  
11 insurance evidenced by the certificate or notice are in accordance with the insurer's  
12 schedules of premium rates filed with the director. An item required to be filed under  
13 (a) of this section shall also be filed as specified in this chapter unless the item relates  
14 to a group policy that is delivered in another state and the director has determined that  
15 the other state has substantially similar statutes or regulations to this chapter. Upon  
16 this determination, the items required to be filed under (a) of this section shall be filed  
17 for informational purposes. If the director subsequently determines that the  
18 informational filing is not in compliance with the requirements of this chapter, the  
19 insurer may not use the insurance policy, form, certificate, notice of proposed  
20 insurance, disclosure notice, advertisement, application for insurance, endorsement, or  
21 rider.

22 \* **Sec. 84.** AS 21.57.090 is amended to read:

23 Sec. 21.57.090. PREMIUMS AND REFUNDS. (a) An insurer may revise its  
24 schedules of premium rates from time to time, and file the revised schedules with the  
25 director. An insurer may not issue a **consumer** credit [LIFE INSURANCE POLICY  
26 OR CREDIT DISABILITY] insurance policy for which the premium rate **differs from**  
27 [EXCEEDS] that determined by the schedules of the insurer then **approved by** [ON  
28 FILE WITH] the director.

29 (b) **An** [EACH] individual policy or group certificate must provide **for a**  
30 **refund in the event of termination of** [THAT IF] the insurance [IS TERMINATED]  
31 before the scheduled maturity date of the **insurance and upon notice to the insurer.**

1 The [INDEBTEDNESS, ANY] refund of an amount paid by the debtor for insurance  
2 shall be paid or credited promptly to the person entitled to it; provided, however, that  
3 the director shall prescribe a minimum refund and a [NO] refund that would be less  
4 than the minimum need not be made. A refund formula that an insurer desires to  
5 use must provide refunds that are at least as favorable to the debtor as refunds  
6 based on the rule of anticipation. The formula to be used in computing refunds shall  
7 be filed with and approved by the director.

8 (c) If a creditor requires a debtor to make a payment for consumer credit  
9 [LIFE INSURANCE OR CREDIT DISABILITY] insurance and an individual policy  
10 or group certificate of insurance is not issued, the creditor shall immediately give  
11 written notice to the debtor and shall promptly make an appropriate credit to the  
12 account or issue a refund.

13 (d) The amount charged to a debtor for consumer credit [LIFE OR CREDIT  
14 DISABILITY] insurance may not exceed the premium charged by the insurer, as  
15 computed at the time the charge to the debtor is determined.

16 \* **Sec. 85.** AS 21.57.090 is amended by adding a new subsection to read:

17 (e) Nothing in this chapter may be construed to authorize a payment for  
18 insurance prohibited under other provisions of law governing credit transactions.

19 \* **Sec. 86.** AS 21.57.120 is amended to read:

20 Sec. 21.57.120. SELECTION RIGHTS OF INSURED [EXISTING  
21 INSURANCE]. When consumer credit [LIFE INSURANCE OR CREDIT  
22 DISABILITY] insurance is required as additional security for a debt [AN  
23 INDEBTEDNESS], the debtor shall, upon request to the creditor, have the option of  
24 furnishing the required amount of insurance through existing policies of insurance  
25 owned or controlled by the debtor or of procuring and furnishing the required coverage  
26 through an insurer authorized to transact an insurance business in this state.

27 \* **Sec. 87.** AS 21.57 is amended by adding a new section to read:

28 Sec. 21.57.125. DUTIES OF AN INSURER. Except as otherwise prohibited  
29 by law, duties imposed upon an insurer by this chapter may be carried out by a  
30 creditor if the creditor is licensed under AS 21.27 as an insurance producer, a  
31 managing general agent, or a third-party administrator, and transacts business within

1 the scope of its license on behalf of the insurer.

2 \* **Sec. 88.** AS 21.57.150 is repealed and reenacted to read:

3 Sec. 21.57.150. PENALTIES. (a) In addition to any other penalty provided  
4 by law, a person licensed under AS 21.27 that the director determines under  
5 AS 21.06.170 - 21.06.240 has violated the provisions of this chapter is subject to

6 (1) a civil penalty equal to the compensation promised, paid, or to be  
7 paid, directly or indirectly, to the licensee in regard to a violation;

8 (2) either a civil penalty of not more than \$10,000 for a violation or,  
9 if the director determines that the person wilfully violated the provisions of this  
10 chapter, a civil penalty of not more than \$25,000 for a violation; and

11 (3) denial, nonrenewal, suspension, or revocation of a license.

12 (b) In addition to any other penalty provided by law, an insurer that the  
13 director determines under AS 21.06.170 - 21.06.240 has violated the provisions of this  
14 chapter is subject to

15 (1) a civil penalty equal to the premium earned, directly or indirectly,  
16 by the insurer in regard to a violation;

17 (2) either a civil penalty of not more than \$10,000 for a violation or,  
18 if the director determines that the insurer wilfully violated the provisions of this  
19 chapter, a civil penalty of not more than \$25,000 for a violation; and

20 (3) denial, suspension, or revocation of a certificate of authority.

21 (c) In addition to any other penalty provided by law, any person that the  
22 director determines under AS 21.06.170 - 21.06.240 has violated the provisions of this  
23 chapter is subject to

24 (1) either a civil penalty of not more than \$10,000 for a violation or,  
25 if the director determines that the person wilfully violated the provisions of this  
26 chapter, a civil penalty of not more than \$25,000 for a violation; and

27 (2) denial of a license.

28 \* **Sec. 89.** AS 21.57.160 is repealed and reenacted to read:

29 Sec. 21.57.160. DEFINITIONS. In this chapter,

30 (1) "agriculture credit transaction commitment" means a binding  
31 agreement to loan money up to a fixed amount as needed for agricultural purposes;

1 (2) "compensation" means commissions, dividends, retrospective rate  
2 credits, service fees, expense allowances or reimbursements, gifts, furnishing  
3 equipment, facilities, goods, or services, or any other form of remuneration resulting  
4 directly from the sale of consumer credit insurance;

5 (3) "consumer credit insurance" means credit life insurance, credit  
6 disability insurance, or credit unemployment insurance;

7 (4) "credit disability insurance" means insurance on a debtor to provide  
8 indemnity for payments or debt becoming due on a specific loan or other credit  
9 transaction while the debtor is disabled;

10 (5) "credit life insurance" means insurance on the life of a debtor under  
11 or in connection with all or a part of a specific loan or other credit transaction;

12 (6) "credit unemployment insurance" means insurance on a debtor to  
13 provide indemnity for payments or debt becoming due on a specific loan or other  
14 credit transaction while the debtor is involuntarily unemployed;

15 (7) "credit transaction" means a transaction by which the repayment for  
16 money loaned or a loan commitment made or payment for goods, services, or  
17 properties sold or leased is made at a future date;

18 (8) "creditor" means a person who lends money or who sells or leases  
19 goods, services, property, rights, or privileges, for which payment is arranged through  
20 a credit transaction, and includes a person who is a successor to the right, title, or  
21 interest of the lender, seller, or lessor;

22 (9) "debtor" means a person who borrows money, or purchases or  
23 leases goods, services, property, rights, or privileges for which payment is arranged  
24 through a credit transaction;

25 (10) "educational credit transaction commitment" means a binding  
26 agreement to loan money up to a fixed amount as needed for educational purposes;

27 (11) "gross debt" means the total of the remaining payments owed to  
28 the creditor by the debtor;

29 (12) "identifiable charge" means a charge for consumer credit insurance  
30 that is made to a debtor having the benefit of the insurance, including a charge for  
31 insurance that is disclosed in the consumer credit agreement or other instrument

1 furnished to the debtor, and any difference in the finance, interest, service, or other  
2 similar charge made to a debtor in a like circumstance, except for their insured or  
3 noninsured status;

4 (13) "net debt" means the amount necessary to liquidate the remaining  
5 debt in a single lump sum payment, excluding all unearned finance charges;

6 (14) "open-end consumer credit" means consumer credit extended by  
7 a creditor under an agreement in which

8 (A) the creditor reasonably contemplates repeated transactions;

9 (B) the creditor imposes a periodic finance charge on an  
10 outstanding unpaid balance; and

11 (C) the amount of consumer credit that may be extended to the  
12 debtor during the term of the agreement, up to any limit set by the creditor, is  
13 generally made available to the extent that any outstanding balance is repaid;

14 (15) "rule of anticipation" means a refund method that results in  
15 refunds equal to the premium cost of scheduled benefits subsequent to the date of  
16 cancellation or termination, computed at the schedule of premium rates in effect on the  
17 date of issue.

18 \* **Sec. 90.** AS 21.69 is amended by adding new sections to read:

19 Sec. 21.69.645. REDOMESTICATION. (a) An insurer organized under the  
20 laws of another state and admitted to do business in this state may become a domestic  
21 insurer of this state by complying with the requirements of this title relative to the  
22 organization and licensing of a domestic insurer and by designating its principal place  
23 of business at a place in this state.

24 (b) A domestic insurer may, upon approval of the director, transfer its domicile  
25 to another state in which it is admitted to transact the business of insurance. Upon a  
26 transfer as described in this subsection, the insurer shall cease to be a domestic insurer  
27 of this state, but shall be considered admitted to this state. The insurer shall meet the  
28 qualifications to remain admitted to this state for a period of three years or, if ordered  
29 by the director, a longer period. The director may approve a proposed transfer unless  
30 the transfer is not in the interest of the policyholders of the insurer or the insurance  
31 marketplace of this state.

1 (c) Upon transfer of domestic status to or from this state, the certificate of  
2 authority, appointments under AS 21.27.100, rates, and other items that the director  
3 allows, and that are in existence at the time the insurer is licensed to transact the  
4 business of insurance in this state, shall continue in full force and effect and the  
5 insurer shall remain duly qualified to transact the business of insurance in this state.  
6 Outstanding policies of a transferring insurer shall remain in full force and effect and  
7 shall be endorsed with the new name of the company, its new location, and any other  
8 information the director may require. A transferring insurer shall notify the director  
9 of the details of the proposed transfer 30 days before the effective date of the transfer  
10 and shall promptly file any resulting amendments to corporate documents filed or  
11 required to be filed with the director.

12 (d) A transfer of domestic status by merger, consolidation, or any other lawful  
13 method of combination must meet the requirements of AS 21.69.590 or 21.69.600.  
14 The certificate of authority, appointments under AS 21.27.100, rates, and other items  
15 that the director allows, and that are in existence at the time the insurer is licensed to  
16 transact the business of insurance in this state, shall continue in full force and effect  
17 and the insurer shall remain duly qualified to transact the business of insurance in this  
18 state. Outstanding policies of a domestic insurer being merged, consolidated, or  
19 otherwise combined shall remain in full force and effect and shall be endorsed with  
20 the new name of the company, its new location, and any other information the director  
21 may require.

22 (e) An insurer that is transferring its domicile to this state shall file its revised  
23 policy forms for approval under AS 21.42.

24 (f) A domestic insurer that is transferring its domicile to another state is not  
25 required to file policy forms at the time of transfer if the forms have already been  
26 approved under AS 21.42.

27 Sec. 21.69.648. VOLUNTARY SURRENDER OF CERTIFICATE OF  
28 AUTHORITY. To voluntarily surrender the certificate of authority of a domestic  
29 insurer, a request shall be made to the director to extinguish the certificate of authority  
30 six months before the planned effective date of the extinguishment of the charter.  
31 Before the request is granted, the director shall conduct an examination under

1 AS 21.06.120. The examination shall be completed within 12 months before the  
2 effective date of an extinguishment and all issues contained in the examination report  
3 must be resolved to the satisfaction of the director. Insurance business of the domestic  
4 insurer shall be cancelled or reinsured as required under AS 21.69.610 or 21.69.620.

5 \* **Sec. 91.** AS 21.72 is amended by adding a new section to read:

6 Sec. 21.72.125. QUARTERLY STATEMENTS. The director may require a  
7 benevolent association to file quarterly financial statements as provided in  
8 AS 21.09.205. The statements must exhibit the items and facts required under  
9 AS 21.72.120(a).

10 \* **Sec. 92.** AS 21.75 is amended by adding a new section to read:

11 Sec. 21.75.135. QUARTERLY STATEMENTS. (a) The director may require  
12 a reciprocal insurer's attorney-in-fact to file a quarterly financial statement as provided  
13 in AS 21.09.205.

14 (b) A statement required under (a) of this section shall be supplemented by  
15 information that may be required by the director relative to the affairs and transactions  
16 of the attorney-in-fact that relate to the reciprocal insurer.

17 \* **Sec. 93.** AS 21.75.170(e) is amended to read:

18 (e) Special meetings of the committee may be called by the attorney-in-fact,  
19 the chair of the committee, three members of the committee, or a signed petition of  
20 at least one percent of the subscribers **or three individual subscribers, whichever is**  
21 **greater,** as of the most recent annual report of the reciprocal insurer.

22 \* **Sec. 94.** AS 21.75.170 is amended by adding a new subsection to read:

23 (g) Notwithstanding (a) of this section, a domestic reciprocal insurer  
24 transacting all of its insurance activities on a subject resident, located, and to be  
25 performed in this state may, with the prior written approval of the director, have a  
26 subscriber's advisory committee that consists of not less than five individuals who are  
27 elected by the subscribers, and who otherwise meet the requirements of (a) of this  
28 section.

29 \* **Sec. 95.** AS 21.78.130(g) is amended to read:

30 (g) If it appears to the receiver that there has been a violation of civil or  
31 criminal law, or breach of a contractual or fiduciary obligation detrimental to the

1 insurer by an officer, manager, **insurance producer** [AGENT, BROKER], employee,  
2 or other person, the receiver may pursue all appropriate legal remedies on behalf of  
3 the insurer.

4 \* **Sec. 96.** AS 21.78.271(a) is amended to read:

5 (a) An

6 (1) **insurance producer** [AGENT, BROKER], premium finance  
7 company, or any other person, other than the insured, responsible for the payment of  
8 a premium is obligated to pay an unpaid earned premium due the insurer at the time  
9 of the declaration of insolvency, as shown on the records of the insurer; neither a  
10 credit nor a setoff is allowed to an **insurance producer** [AGENT, BROKER,] or  
11 premium finance company for an amount advanced to the insurer by the **insurance**  
12 **producer** [AGENT, BROKER,] or premium finance company on behalf of, but in the  
13 absence of a payment by, the insured;

14 (2) insured is obligated to pay an unpaid earned premium due the  
15 insurer at the time of the declaration of insolvency, as shown on the records of the  
16 insurer.

17 \* **Sec. 97.** AS 21.79.900(6) is amended to read:

18 (6) "member insurer" means an insurer licensed to transact insurance  
19 in the state that issues a policy described in AS 21.79.020(a) and (b), or a subscriber  
20 contract providing benefits described in AS 21.87.120(a)(2) - (4) or 21.87.130(a)(2)  
21 and (3), and includes an insurer whose license or certificate of authority in this state  
22 may have been suspended, revoked, not renewed, or voluntarily withdrawn; "member  
23 insurer" does not include

24 (A) a health maintenance organization **licensed under**  
25 **AS 21.86;**

26 (B) a fraternal benefit society **licensed under AS 21.84;**

27 (C) a mandatory state pooling plan;

28 (D) a mutual assessment company or an entity that operates on  
29 an assessment basis;

30 (E) an insurance exchange **licensed under AS 21.75;** or

31 (F) a **nonprofit** hospital or medical service organization

1                    **licensed under AS 21.87;**

2       \* **Sec. 98.** AS 21.80.020 is amended by adding a new subsection to read:

3                    (b) This chapter does not apply to a risk retention group formed under 15  
4                    U.S.C. 3901 - 3906 (Liability Risk Retention Act).

5       \* **Sec. 99.** AS 21.84.340 is amended by adding a new subsection to read:

6                    (d) The director may require a society to file quarterly financial statements.  
7                    If quarterly financial statements are required, the statements must follow for a given  
8                    quarter the reporting specified in the quarterly financial statement blank form and  
9                    instructions most recently approved by the National Association of Insurance  
10                    Commissioners.

11       \* **Sec. 100.** AS 21.86.080 is amended by adding new subsections to read:

12                    (b) The director may require a health maintenance organization to file quarterly  
13                    financial statements. If quarterly financial statements are required, the statements must  
14                    follow for a given quarter the reporting specified in the quarterly financial statement  
15                    blank form and instructions most recently approved by the National Association of  
16                    Insurance Commissioners.

17                    (c) A filing under this section is subject to AS 21.09.200 and 21.09.205.

18       \* **Sec. 101.** AS 21.89.030 is amended to read:

19                    Sec. 21.89.030. PAYMENT. An insurance company doing business in this  
20                    state may not pay a judgment or settlement of a claim in this state for a loss incurred  
21                    in this state with an instrument other than a negotiable bank check payable on demand  
22                    and bearing even date with the date of writing **or by electronic funds transfer.**

23       \* **Sec. 102.** AS 21.89 is amended by adding new sections to read:

24                    Sec. 21.89.080. ELECTRONIC DATA TRANSFER. The director may adopt  
25                    regulations to facilitate electronic data transfer. Electronic data transferred under  
26                    regulations may, at the discretion of the director, be in place of another method of  
27                    filing or communication otherwise required under this title.

28                    Sec. 21.89.090. RISK RETENTION GROUPS AND PURCHASING GROUPS.

29                    (a) A risk retention group or a purchasing group formed under and in compliance with  
30                    15 U.S.C. 3901 - 3906 (Liability Risk Retention Act) shall register with the director  
31                    and shall at all times transact business in compliance with federal law and the laws of

1 this state.

2 (b) A risk retention group or a purchasing group shall apply for initial  
3 registration on forms prescribed by the director. Payment of a registration fee  
4 established under AS 21.06.250 shall be submitted with the application.

5 (c) A risk retention group or a purchasing group may continue its registration  
6 if it is in compliance with federal law and the laws of this state. Payment of an annual  
7 continuation fee established under AS 21.06.250 shall be submitted with the  
8 continuation application.

9 (d) A risk retention group holding a valid certificate of authority as a domestic  
10 insurer or a purchasing group duly licensed under AS 21.27 as a resident license is not  
11 required to be additionally registered under this section.

12 (e) A risk retention group or purchasing group that is not in compliance with  
13 15 U.S.C. 3901 - 3906 (Liability Risk Retention Act) is not eligible for registration or  
14 annual continuation of its registration.

15 (f) Failure to comply with 15 U.S.C. 3901 - 3906 (Liability Risk Retention  
16 Act) is a violation of this title.

17 (g) In addition to any other penalty provided by law, a person that the director  
18 determines under AS 21.06.170 - 21.06.240 has violated a provision of this title  
19 relative to a risk retention group or a purchasing group is subject to

20 (1) a civil penalty of not more than \$10,000 for a violation or, if the  
21 director determines that the person wilfully violated a provision of this title, a civil  
22 penalty of not more than \$25,000 for a violation; and

23 (2) denial, noncontinuation, or revocation of a registration.

24 (h) The director may adopt regulations on the operation and reporting  
25 requirements of a risk retention group that are not in conflict with 15 U.S.C. 3901 -  
26 3906 (Liability Risk Retention Act).

27 Sec. 21.89.100. APPOINTMENT OF INDEPENDENT COUNSEL;  
28 CONFLICTS OF INTEREST. (a) If an insurer has a duty to defend an insured under  
29 a policy of insurance and a conflict of interest arises that imposes a duty on the insurer  
30 to provide independent counsel to the insured, the insurer shall provide independent  
31 counsel to the insured unless the insured in writing waives the right to independent

1 counsel. An insurance policy may contain a provision that provides a method of  
2 selecting independent counsel if the provision complies with this section.

3 (b) For purposes of this section, the following do not constitute a conflict of  
4 interest:

5 (1) a claim of punitive damages;

6 (2) a claim of damages in excess of the policy limits;

7 (3) claims or facts in a civil action for which the insurer denies  
8 coverage; however, this paragraph does not apply if the insurer reserves the insurer's  
9 rights on the issue for which coverage is denied and the outcome of that coverage  
10 issue can be controlled by counsel initially retained by the insurer for the defense of  
11 the claim.

12 (c) If the insured selects independent counsel at the insurer's expense, the  
13 insurer may require that the independent counsel have at least five years of experience  
14 in civil litigation, including substantial defense experience in the subject at issue in the  
15 civil action, and malpractice insurance. Unless otherwise provided in the insurance  
16 policy, the obligation of the insurer to pay the fee charged by the independent counsel  
17 is limited to the rate that would actually be paid by the insurer to an attorney in the  
18 ordinary course of business in the defense of a similar civil action in the community  
19 in which the claim arose or is being defended. A dispute between the insurer and  
20 insured regarding attorney fees that is not resolved by the insurance policy or this  
21 section shall be resolved by arbitration under AS 09.43.

22 (d) If the insured selects independent counsel at the insurer's expense, the  
23 independent counsel and the insured shall consult with the insurer on all matters  
24 relating to the civil action and shall disclose to the insurer in a timely manner all  
25 information relevant to the civil action, except information that is privileged and  
26 relevant to disputed coverage. A claim of privilege is subject to review in the  
27 appropriate court. Information disclosed by the independent counsel or the insured  
28 does not waive another party's right to assert privilege.

29 (e) An insured may waive the right to select independent counsel by signing  
30 a statement that reads substantially as follows:

31 I have been advised of my right to select independent counsel

1 to represent me in this lawsuit. I have considered this matter  
2 fully and at this time I am waiving my right to select  
3 independent counsel. I have authorized my insurer to select a  
4 defense counsel to represent me in this lawsuit.

5 (f) If an insured selects independent counsel under this section, both the  
6 counsel representing the insurer and independent counsel representing the insured shall  
7 be allowed to participate in all aspects of the civil action. Counsel for the insurer and  
8 insured shall cooperate fully in exchanging information that is consistent with ethical  
9 and legal obligations to the insured. Nothing in this section relieves the insured of the  
10 duty to cooperate fully with the insurer as required by the terms of the insurance  
11 policy.

12 \* **Sec. 103.** AS 21.90.900(26) is amended to read:

13 (26) "managing general agent" means a person, firm, or corporation that

14 (A) has authority to exercise general supervision over the  
15 business, or any part of the business, of one or more admitted insurers; and

16 (B) performs administrative functions normally performed by  
17 the insurer including claims administration and payment, marketing  
18 administration, agent appointment, premium accounting, premium billing,  
19 coverage verification, final underwriting authority, or [AND] certificate  
20 issuance;

21 \* **Sec. 104.** AS 21.90.900(28) is amended to read:

22 (28) "person" has the meaning given in AS 01.10.060 and includes an  
23 insurer, Lloyd's, fraternal benefit society, medical service, or hospital service plan as  
24 defined in AS 21.87, reciprocal or interinsurance exchange, syndicate, and any other  
25 legal entity engaged in the business of transacting insurance [, INCLUDING AGENTS,  
26 BROKERS, AND CLAIMS ADJUSTERS];

27 \* **Sec. 105.** AS 28.20.580 is amended to read:

28 Sec. 28.20.580. ASSIGNED RISK PLANS. After consultation with the  
29 insurance companies authorized to issue motor vehicle liability policies in this state,  
30 the director of the division of insurance shall approve a reasonable plan, fair to the  
31 insurers and equitable to their policyholders, for the apportionment among these

1 companies of applicants for motor vehicle policies and other vehicle coverages who  
2 are in good faith entitled to but are unable to procure policies through ordinary  
3 methods. When a plan is approved, all the insurance companies shall subscribe to it  
4 and participate in it, except a reciprocal insurer formed by and only insuring a  
5 group of municipalities or nonprofit utilities under AS 21.75, or a reciprocal  
6 insurer formed under AS 21.75 to provide marine insurance. An applicant for an  
7 assigned risk policy, a person insured under an assigned risk plan, and an insurance  
8 company affected may appeal to the commissioner of commerce and economic  
9 development from a ruling or decision of the authority designated to operate the plan.  
10 Failure to adopt an assigned risk plan does not relieve any person from responsibility  
11 under this chapter.

12 \* **Sec. 106.** AS 39.25.110 is amended by adding a new paragraph to read:

13 (30) a person employed as an actuary or assistant actuary by the  
14 division of insurance in the Department of Commerce and Economic Development.

15 \* **Sec. 107.** AS 21.18.110(b)(3); AS 21.27.650(f)(3); and AS 21.36.420 are repealed.

16 \* **Sec. 108.** AS 21.57.110 and 21.57.170 are repealed.

17 \* **Sec. 109.** AS 21.09.300(c), enacted in sec. 15 of this Act, has the effect of amending  
18 Alaska Rule of Civil Procedure 45, by providing that certain insurer reports of material  
19 transactions are not subject to subpoena.

20 \* **Sec. 110.** TRANSITION. This Act applies to a policy of insurance that is entered into  
21 or renewed on or after the effective date of the relevant provision of this Act.

22 \* **Sec. 111.** Sections 70 and 105 of this Act are retroactive to January 1, 1983.

23 \* **Sec. 112.** Sections 75 - 89 and 108 of this Act take effect October 1, 1995.

24 \* **Sec. 113.** Except as provided in secs. 111 and 112 of this Act, this Act takes effect  
25 July 1, 1995.