

SENATE BILL NO. 138

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/13/01

Referred: Labor and Commerce, Judiciary

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the business of insurance, including changes to the insurance code to**
2 **implement federal financial services reforms for the business of insurance and to**
3 **authorize the director of insurance to review criminal backgrounds for individuals**
4 **applying to engage in the business of insurance; amending Rule 402, Alaska Rules of**
5 **Evidence; and providing for an effective date."**

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

7 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
8 to read:

9 **PURPOSE.** The primary purpose of this Act is to implement insurance reforms in
10 AS 21 as required by P.L. 106-102 (Gramm-Leach-Bliley Act) to modernize financial
11 services related to the business of insurance and to further this state as an attractive place for
12 investment and other commerce involving the insurance industry.

13 *** Sec. 2.** AS 21.27.010(e) is repealed and reenacted to read:

1 (e) An employee of an insurer who responds to requests from existing
 2 policyholders on existing policies is not required to be licensed under this section if
 3 the employee

4 (1) is not directly compensated based on volume of premiums that may
 5 result from those services; and

6 (2) does not otherwise transact insurance.

7 * **Sec. 3.** AS 21.27.010(j) is amended to read

8 (j) This section does not apply to a person who

9 (1) is employed on salary or hourly wage by a person licensed under
 10 this section solely for the performance of accounting, clerical, stenographic, and
 11 similar office duties;

12 (2) only secures and forwards information required for the purposes of,
 13 **and does not receive a commission for, any of the following services:**

14 **(A) performing administrative services related to**

15 **(i) group life insurance;**

16 **(ii) group property and casualty insurance;**

17 **(iii) group annuities;**

18 **(iv) group or blanket accident and health insurance;**

19 **(B) enrolling individuals under plans for the types of**
 20 **insurance or annuities specified in (A) of this paragraph;**

21 **(C) issuing certificates under plans for the types of**
 22 **insurance or annuities specified in (A) of this paragraph, or otherwise**
 23 **assisting in administering those plans;**

24 **(D) performing administrative services related to mass-**
 25 **marketed property and casualty insurance** [COVERING THE UNPAID
 26 BALANCE, OR REMAINING PAYMENTS PROPOSED TO BE MADE, IN
 27 CONNECTION WITH THE PURCHASE OF MERCHANDISE OR
 28 SERVICES, IF THE PERSON RECEIVES NO COMPENSATION,
 29 DIRECTLY OR INDIRECTLY, ARISING OUT OF OR IN ANY WAY
 30 RELATING TO THE INSURANCE TRANSACTIONS]; [OR]

31 (3) is employed on salary by a licensee at the licensee's place of

1 business, is supervised by and reports directly to a licensee in the firm, and who, after
2 explaining that the matter must be reviewed by a licensee, may

3 (A) furnish premium estimates from published or printed lists
4 of standard rates if the person does not advise, counsel, or suggest what
5 coverage may be needed, or otherwise solicit insurance coverage;

6 (B) arrange appointments for a licensee if the person does not
7 solicit insurance coverage;

8 (C) record information from an applicant or policyholder and
9 complete for the licensee's personal review and signature, a certificate of
10 insurance that is not a contract of insurance; the licensee's signature may be by
11 facsimile;

12 (D) inform a policyholder of the type of coverage shown in the
13 licensee's policy record if the person does not advise that an event or
14 hypothetical event is or is not covered; or

15 (E) in the physical presence of the licensee, record information
16 from an applicant or policyholder and complete for a licensee's personal
17 review and personal signature, applications, binders, endorsements, or
18 identification cards if the person discloses to the applicant or policyholder that
19 the applicant or policyholder may review the matter with a licensee;

20 **(4) is an employee of an insurer or an organization employed by an**
21 **insurer and is engaged in the inspection, rating, or classification of risks, or in the**
22 **supervision of the training of insurance producers and is not individually**
23 **engaged in the sale, solicitation, or negotiation of insurance;**

24 **(5) advertises in this state through printed publications or**
25 **electronic mass media whose distribution is not limited to residents of this state, if**
26 **the person**

27 **(A) performs no other insurance-related activities in this**
28 **state;**

29 **(B) does not intend to solicit in this state; and**

30 **(C) does not sell, solicit, or negotiate insurance of risks**
31 **resident, located, or to be performed in this state;**

1 **(6) is not a resident of this state, but sells, solicits, or negotiates**
 2 **commercial property and casualty insurance for an insured with risks located in**
 3 **more than one state, if the person is licensed as an insurance producer in the state**
 4 **where the insured maintains its principal place of business and the contract of**
 5 **insurance covers risks located in that state;**

6 **(7) is a salaried full-time employee who counsels or advises the**
 7 **person's employer regarding the insurance interests of the employer or of the**
 8 **subsidiaries or business affiliates of the employer, if the employee does not sell or**
 9 **solicit insurance or receive a commission from the sale or solicitation of**
 10 **insurance; or**

11 **(8) is an employer or association or the employer's or association's**
 12 **officer, director, employee, or the trustee of an employee trust plan, if the person**
 13 **is not compensated, directly or indirectly, for transacting insurance and is**
 14 **engaged in the administration or operation of a plan offering employee benefits**
 15 **for the employer's or association's own employees, or the employees of its**
 16 **subsidiaries or affiliates; to qualify under this paragraph, the plan must include**
 17 **insurance for employees.**

18 * Sec. 4. AS 21.27.020(b) is amended to read:

19 (b) To qualify for issuance or renewal of an individual or individual in the
 20 firm license, an applicant or licensee shall comply with this title, regulations adopted
 21 under AS 21.06.090, and

22 (1) be **18** [19] years of age or older [WITH A HIGH SCHOOL OR
 23 GENERAL EDUCATION DEVELOPMENT DIPLOMA OR EQUIVALENT];

24 (2) if for a resident license, be a bona fide resident before issuance of
 25 the license and actually reside in the state;

26 (3) successfully pass an examination required under AS 21.27.060;

27 (4) be a trustworthy person;

28 (5) not use or intend to use the license for the purpose principally of
 29 writing controlled business, as defined in AS 21.27.030;

30 (6) not have committed an act that is a cause for denial, nonrenewal,
 31 suspension, or revocation of a license in this state or another jurisdiction.

1 * **Sec. 5.** AS 21.27.020(c) is repealed and reenacted to read:

2 (c) To qualify for issuance or renewal of a license as a firm insurance
3 producer, a firm managing general agent, a firm reinsurance intermediary broker, a
4 firm reinsurance intermediary manager, a firm surplus lines broker, or a firm
5 independent adjuster, an applicant or licensee shall

6 (1) comply with (b)(4) and (5) of this section;

7 (2) maintain a lawfully established place of business in this state,
8 except when licensed as a nonresident under AS 21.27.270;

9 (3) disclose to the director all owners, officers, directors, or partners of
10 the firm;

11 (4) designate a compliance officer for the firm;

12 (5) provide to the director documents necessary to verify the
13 information contained in or made in connection with the application; and

14 (6) notify the director, in writing, within 30 days of a change in the
15 firm's compliance officer or of the termination of employment of an individual in the
16 firm licensee.

17 * **Sec. 6.** AS 21.27.020(f) is amended to read:

18 (f) The director may adopt regulations establishing additional education or
19 experience requirements for applicants or licensees under this chapter upon due
20 consideration of the availability and accessibility of education and training
21 opportunities in rural areas of the state. Regulations adopted under this subsection are
22 subject to the following provisions:

23 (1) additional educational or experience requirements may not apply to
24 a licensee who has been licensed by the division of insurance before January 1, 1980;

25 (2) a licensee shall complete at least 24 credit hours of approved
26 continuing education courses during each two-year license period;

27 (3) if a licensee has accumulated more credit hours than required under
28 (2) of this subsection by the end of the license period, a maximum of eight hours may
29 be carried over to meet the requirements of (2) of this subsection in the next license
30 period;

31 (4) a program or seminar may not be approved as an acceptable

1 continuing education program unless it is a formal program of learning that
 2 contributes to the professional competence of the licensee; individual study programs
 3 or correspondence courses may be used to fulfill continuing education requirements if
 4 approved by the director;

5 (5) a nonresident licensee is exempt from the requirements of this
 6 subsection [IF THE LICENSEE SUBMITS EVIDENCE SATISFACTORY TO THE
 7 DIRECTOR THAT THE LICENSEE HAS SATISFIED ANY CONTINUING
 8 EDUCATION REQUIREMENTS OF THE LICENSEE'S DOMICILIARY STATE].

9 * **Sec. 7.** AS 21.27.025(a) is amended to read:

10 (a) A licensee shall notify the director within 30 days in writing [BY
 11 CERTIFIED MAIL] of a change in residence, employment that is licensed under this
 12 chapter, place of business, legal name, fictitious name or alias, mailing address, or
 13 phone number[; A SUSPENSION, REVOCATION, OR DISCIPLINARY ACTION
 14 OF A LICENSE BY ANOTHER STATE OR JURISDICTION; OR A CONVICTION
 15 OF A MISDEMEANOR OR FELONY]. **A licensee shall report in writing to the**
 16 **director any administrative action taken against the licensee by a governmental**
 17 **agency of another state or by a governmental agency of another jurisdiction**
 18 **within 30 days after the final disposition of the action. A licensee shall submit to**
 19 **the director the final order and other relevant legal documents in the action. A**
 20 **licensee shall report to the director any criminal prosecution of the licensee in**
 21 **this or another state or jurisdiction within 30 days after the date of filing of the**
 22 **criminal complaint, indictment, information, or citation in the prosecution. The**
 23 **licensee shall submit to the director a copy of the criminal complaint, calendaring**
 24 **order, and other relevant legal documents in the prosecution.**

25 * **Sec. 8.** AS 21.27.025(b) is amended to read:

26 (b) A **compliance officer** [PRINCIPAL OR MANAGER] shall notify the
 27 director in writing within 30 days of a termination of employment of a licensed
 28 individual in the firm. Notice required under this subsection must include

29 **(1)** the licensee's name;

30 **(2)** the firm's name and address;

31 **(3)** the date of hire, self-employment, or termination **of the licensee;**

1 and

2 **(4)** other information required by the director.

3 * **Sec. 9.** AS 21.27.040(a) is amended to read:

4 (a) Application for a license shall be made to the director upon forms
5 prescribed by the director. As a part of or in connection with the application, the
6 applicant shall furnish information concerning the applicant's identity, personal
7 history, experience, business record, purposes, and other pertinent facts that the
8 director may reasonably require. The applicant shall declare, [UNDER OATH AND]
9 subject to penalty of denial, nonrenewal, suspension, or revocation of a license issued
10 by the director, that the statements made in or in connection with the application are
11 true, correct, and complete to the best of the applicant's knowledge and belief.
12 Payment of an application fee established under AS 21.06.250 must be submitted with
13 the application.

14 * **Sec. 10.** AS 21.27.040 is amended by adding a new subsection to read:

15 (e) As part of the application required by (a) of this section, an applicant shall
16 furnish to the director a full set of fingerprints so that the director may obtain criminal
17 justice information as provided under AS 12.62 about the applicant. The director shall
18 submit the completed fingerprint card to the Department of Public Safety. The
19 Department of Public Safety is authorized to submit the fingerprints to the Federal
20 Bureau of Investigation for a national criminal history record check.

21 * **Sec. 11.** AS 21.27.060(a) is amended to read:

22 (a) Except as provided in this chapter, an applicant for an individual license
23 and a **compliance officer** [PRINCIPAL OR MANAGER] applicant for a firm license
24 shall, before the issuance of the license, personally take and pass, to the satisfaction of
25 the director, an examination that tests the knowledge and competence of the applicant
26 as to the applicant's duties and responsibilities as a licensee and the insurance **statutes**
27 [LAWS] and regulations of the state.

28 * **Sec. 12.** AS 21.27.060(c) is repealed and reenacted to read:

29 (c) An individual who applies for an insurance producer license in this state
30 who was previously licensed for the same lines of authority in that individual's prior
31 home state is not required to pass the examination required by (a) of this section in

1 order to secure the same authority in this state. The exemption available under this
 2 subsection applies only if the application is received within 90 days after the
 3 cancellation of the applicant's previous license in the applicant's prior home state and

4 (1) the applicant's prior home state verifies that, at the time of
 5 cancellation, the applicant held an insurance producer license that was in good
 6 standing in that state; or

7 (2) the insurance producer licensing database records for the prior
 8 home state that are maintained by the National Association of Insurance
 9 Commissioners or its affiliates or subsidiaries indicate that the applicant is or was
 10 licensed in good standing for the kind of license requested.

11 * **Sec. 13.** AS 21.27.060(d) is amended to read:

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

13 (1) for a limited license under AS 21.27.150(a)(1), (5), or (6)
 14 [AS 21.27.150(a)(1), (2), (6), OR (7)]; **or**

15 (2) who, at any time within the **one-year** [TWO-YEAR] period
 16 immediately preceding the date the current pending application is received by the
 17 division, had been licensed in good standing in this state under a license requiring
 18 substantially similar qualifications as required by the license applied for [; OR

19 (3) WHOSE LICENSE IN ITS RESIDENT JURISDICTION
 20 REQUIRES THE SAME QUALIFICATIONS AS THE LICENSE APPLIED FOR IN
 21 THIS STATE IF THE LICENSE IN ALL JURISDICTIONS IS IN GOOD
 22 STANDING].

23 * **Sec. 14.** AS 21.27.100 is amended by adding new subsections to read:

24 (f) An insurer may appoint an insurance producer to all or some insurers
 25 within the insurer's holding company system or group by the filing of a single
 26 appointment under this subsection.

27 (g) The authorized or apparently authorized acts on behalf of an appointing
 28 insurer of an insurance producer appointed under this section are considered the acts
 29 of that insurer.

30 * **Sec. 15.** AS 21.27.110 is repealed and reenacted to read:

31 **Sec. 21.27.110. Term of appointment.** (a) An appointment under

1 AS 21.27.100 continues in force until the appointment is terminated in accordance
2 with this section.

3 (b) If an appointment is terminated by an insurer, reinsurer, or authorized
4 representative, the insurer, reinsurer, or authorized representative shall, on a form or in
5 a format prescribed by the director, notify the director within 30 days following the
6 date of termination of the appointment.

7 (c) If an appointment is terminated by the director, a written or an electronic
8 notice of termination shall be given to the appointee, to the person that made the
9 appointment, and, if different from the person making the appointment, to the insurer
10 or reinsurer, at least 10 days before the effective date of the termination. The director
11 shall send notification under this subsection to the latest address on record with the
12 director.

13 (d) If, after termination and notice under (b) of this section, an insurer,
14 reinsurer, or authorized representative discovers additional information showing that
15 the appointee whose appointment was terminated has engaged in an activity identified
16 in AS 21.27.410 during the period of the appointment, the insurer, reinsurer, or
17 authorized representative shall, on a form or in a format prescribed by the director,
18 promptly notify the director.

19 (e) Within 15 days after providing notification in accordance with (b) and (d)
20 of this section, the insurer, reinsurer, or authorized representative shall mail a copy of
21 the notification to the appointee at the last address on record with the director. The
22 notice must be provided by certified mail, return receipt required, postage prepaid, or
23 by overnight delivery using a nationally recognized mail carrier, if the appointment
24 was terminated for an activity identified in AS 21.27.410.

25 (f) Within 30 days after the appointee receives notification in accordance with
26 (c) of this section, the appointee may file written comments concerning the substance
27 of the notification with the director and must provide a copy of the written comments
28 to the insurer, reinsurer, or authorized representative. The written comments filed
29 with the director will be provided with each report distributed or disclosed concerning
30 any reason about the termination of the appointment.

31 (g) If requested by the director, an insurer, reinsurer, or authorized

1 representative shall provide to the director additional information, documents, records,
2 or other data pertaining to a termination or activity of a licensee under this title.

3 (h) A notice of termination submitted to the director under this section must
4 include a statement of the reasons for the termination. A statement of the reasons for
5 termination is confidential and not subject to inspection and copying under
6 AS 40.25.110. A statement of reasons for the termination may not be admitted as
7 evidence in a civil action or an administrative proceeding against an insurer, reinsurer,
8 or authorized representative by or on behalf of a person affected by the termination,
9 except when the action or proceeding involves perjury, unsworn falsification, fraud, or
10 failure to comply with this subsection.

11 (i) If an insurer, reinsurer, or authorized representative fails to report as
12 required under this section or is found by a court to have knowingly or intentionally
13 falsely made that report, the director may, after notice and hearing, suspend or revoke
14 the license or certificate of authority of the insurer, reinsurer, or authorized
15 representative and may impose a penalty in accordance with AS 21.27.440.

16 (j) The director may require that an insurer renew an appointment annually
17 and may require payment of a renewal fee under AS 21.06.250 for an appointment in
18 effect on December 31 of the current year. If the director requires that an appointment
19 be renewed or a renewal fee be paid, the director shall terminate the appointment if the
20 renewal fees have not been received by the director on or before the close of business
21 on March 1 of the renewal year.

22 * **Sec. 16.** AS 21.27 is amended by adding a new section to read:

23 **Sec. 21.27.115. Lines of authority.** If a person has met the applicable
24 requirements of AS 21.27.020 and 21.27.270, the director shall issue a license for one
25 or more of the following lines of authority:

26 (1) life insurance coverage on natural persons; in this paragraph, "life
27 insurance coverage"

28 (A) includes benefits of endowment and annuities; and

29 (B) may include benefits in the event of death or
30 dismemberment by accident and benefits for disability income;

31 (2) health insurance coverage for sickness, bodily injury, or accidental

1 death; in this paragraph, "health insurance coverage" may include benefits for
2 disability income;

3 (3) property insurance coverage for the direct or consequential loss for
4 damage to property of every kind;

5 (4) casualty insurance coverage against legal liability, including that
6 for death, injury, or disability or damage to real or personal property; in this
7 paragraph, "casualty insurance" includes surety insurance as defined in AS 21.12.080;

8 (5) variable life and variable annuity products insurance coverage;

9 (6) personal lines property and casualty insurance coverage sold to
10 individuals and families for primarily noncommercial purposes;

11 (7) limited lines credit insurance;

12 (8) any insurance for which a limited lines license may be issued under
13 AS 21.27.150.

14 * **Sec. 17.** AS 21.27.130 is amended to read:

15 **Sec. 21.27.130. Form and content of licenses.** A license must be in the form
16 the director prescribes and must set out

17 (1) the name and address of the licensee, and, if the licensee is required
18 to have a place of business, the physical address of the place of business;

19 (2) [IF FOR A FIRM, THE NAME OF THE PRINCIPAL OR
20 MANAGER OF THE FIRM;

21 (3) the type, [KIND OR] class, and lines of authority [OF
22 INSURANCE] the licensee is licensed to handle;

23 (3) [(4)] the effective date and expiration date of the license;

24 (4) each condition, if any, [(5) THE CONDITION] under which the
25 license is granted;

26 (5) [(6)] the date of issuance of the license;

27 (6) [(7)] each fictitious name and alias under which the licensee may
28 do business; and

29 (7) [(8)] other information required by the director.

30 * **Sec. 18.** AS 21.27.130 is amended by adding a new subsection to read:

31 (b) A license issued by the director does not in itself create any authority,

1 actual, apparent, or inherent, in the holder of the license to represent or commit an
2 insurer.

3 * **Sec. 19.** AS 21.27.140(b) is amended to read:

4 (b) A firm may not be licensed as an insurance producer, managing general
5 agent, reinsurance intermediary broker, reinsurance intermediary manager, surplus
6 lines broker, or independent adjuster, or transact insurance unless each individual
7 employed as an insurance producer, managing general agent, surplus lines broker,
8 trainee insurance producer, trainee independent adjuster, or independent adjuster by
9 the firm is licensed as an individual in the firm and the **compliance officer**
10 [PRINCIPAL OR MANAGER] of the firm is licensed as an individual in the firm to
11 exercise all the powers conferred by the firm's license.

12 * **Sec. 20.** AS 21.27.140(c) is amended to read:

13 (c) If the director determines under AS 21.06.170 - 21.06.240 that a firm knew
14 or should have known of an act or representation made on the firm's behalf by a
15 person not licensed as required by this chapter, the firm and the firm's **compliance**
16 **officer** [PRINCIPAL OR MANAGER] are subject to the penalties provided under
17 AS 21.27.440.

18 * **Sec. 21.** AS 21.27.150(a) is amended to read:

19 (a) The director may issue a

20 (1) travel insurance limited producer license to a person [WHOSE
21 PLACE OF BUSINESS IS LOCATED IN THIS STATE,] who sells transportation
22 tickets of a common carrier of persons or property, who is appointed under
23 AS 21.27.100, and whose sole purpose is to be appointed by and act as an agent for
24 transportation ticket policies of health insurance, baggage insurance on personal
25 effects, and trip cancellation or trip interruption insurance;

26 (2) [HEALTH INSURANCE LIMITED PRODUCER LICENSE TO
27 A RESIDENT OF THIS STATE WHOSE SOLE PURPOSE IS TO BE APPOINTED
28 BY AND ACT AS AN AGENT FOR HEALTH INSURANCE PERTAINING TO
29 SPORTS AND RECREATION;

30 (3)] title insurance limited producer license to a person whose place of
31 business is located in this state and whose sole purpose is to be appointed by and act

1 on behalf of a title insurer;

2 (3) [(4)] bail bond limited producer license to a person [WHOSE
3 PLACE OF BUSINESS IS LOCATED IN THIS STATE AND] whose sole purpose is
4 to be appointed by and act on behalf of a surety insurer pertaining to bail bonds;

5 (4) [(5)] fraternal benefit society limited producer license to a person
6 whose sole purpose is to be appointed by and act on behalf of a fraternal benefit
7 society licensed under AS 21.84;

8 [(6) RETIRED INSURANCE PRODUCER LICENSE TO A
9 RESIDENT WHO IS RETIRED OR RETIRING FROM THE BUSINESS OF
10 INSURANCE AND SURRENDERS ALL IN-FORCE LICENSES TO ALLOW THE
11 PERSON TO RECEIVE A CONTINUING COMMISSION IN REGARD TO
12 INSURANCE TRANSACTED BEFORE RETIREMENT; A RETIRED
13 INSURANCE PRODUCER LICENSEE MAY NOT SOLICIT, INDUCE,
14 NEGOTIATE, OR EFFECTUATE CONTRACTS OF INSURANCE; THE
15 DIRECTOR MAY RENEW A RETIRED INSURANCE PRODUCER LICENSE IF
16 THE LICENSEE CEASES TO BE A RESIDENT OF THIS STATE;]

17 (5) [(7)] motor vehicle rental agency limited producer license to a
18 person and, subject to the approval of the director, to employees of the person licensed
19 that the licensee authorizes to transact the business of insurance on the licensee's
20 behalf if, as to an employee, the licensee complies with (D) of this paragraph and if
21 the licensee

22 (A) rents to others, without operators,

23 (i) private passenger motor vehicles, including
24 passenger vans, minivans, and sport utility vehicles; or

25 (ii) cargo motor vehicles, including cargo vans, pickup
26 trucks, and trucks with a gross vehicle weight of less than 26,000
27 pounds that do not require the operator to possess a commercial driver's
28 license;

29 (B) rents motor vehicles only to persons under rental
30 agreements that do not exceed a term of 90 days;

31 (C) transacts only the following kinds of insurance:

1 (i) motor vehicle liability insurance with respect to
2 liability arising out of the use of a vehicle rented from the licensee
3 during the term of the rental agreement;

4 (ii) uninsured or underinsured motorist coverage, with
5 minimum limits described in AS 21.89.020(c) and (d) arising out of the
6 use of a vehicle rented from the licensee during the term of the rental
7 agreement;

8 (iii) insurance against medical, hospital, surgical, and
9 disability benefits to an injured person and funeral and death benefits to
10 dependents, beneficiaries, or personal representatives of a deceased
11 person if the insurance is issued as incidental coverage with or
12 supplemental to liability insurance and arises out of the use of a vehicle
13 rented from the licensee during the term of the rental agreement;

14 (iv) personal effects insurance, including loss of use,
15 with respect to damage to or loss of personal property of a person
16 renting the vehicle and other vehicle occupants while that property is
17 being loaded into, transported by, or unloaded from a vehicle rented
18 from the licensee during the term of the rental agreement;

19 (v) towing and roadside assistance with respect to
20 vehicles rented from the licensee during the term of the rental
21 agreement; and

22 (vi) other insurance as may be authorized by regulation
23 by the director;

24 (D) notifies the director in writing, within 30 days of
25 employment, of the name, date of birth, social security number, location of
26 employment, and home address of an employee authorized by the licensee to
27 transact insurance on the licensee's behalf; and

28 (E) provides other information as required by the director;

29 **(6) nonresident limited producer license to a person, granting the**
30 **same scope of authority as a limited lines producer license issued to the person by**
31 **the person's home state;**

1 **(7) credit insurance limited producer license to a person who sells**
 2 **limited lines credit insurance;**

3 **(8) miscellaneous limited producer license to a person who**
 4 **transacts insurance in this state that restricts the person's authority to less than**
 5 **the total authority for a line of authority described in AS 21.27.115(1) - (6).**

6 * **Sec. 22.** AS 21.27.270 is repealed and reenacted to read:

7 **Sec. 21.27.270. Licensing of nonresidents.** (a) In accordance with P.L. 106-
 8 102 (Gramm-Leach-Bliley Act), the director shall issue a license to a nonresident
 9 license applicant on terms that are reciprocal with those of the applicant's home state.
 10 Notwithstanding any contrary provision of this chapter, the director may by order
 11 waive any license application requirement in this chapter to achieve reciprocity to
 12 license a nonresident in accordance with P.L. 106-102 (Gramm-Leach-Bliley Act).

13 (b) Unless the director denies or refuses to renew a license under
 14 AS 21.27.410, the director shall issue a nonresident producer, limited lines, surplus
 15 lines broker, managing general agent, reinsurance intermediary broker, or reinsurance
 16 intermediary manager license to a person who is not a resident of this state if

17 (1) the person is currently licensed and is in good standing in the
 18 person's home state; the director may verify the person's licensing status through the
 19 producer licensing database records maintained by the National Association of
 20 Insurance Commissioners or its affiliates or subsidiaries;

21 (2) the person has paid the fees required under AS 21.06.250 and has
 22 submitted to the director

23 (A) the license application the person submitted to the person's
 24 home state; or

25 (B) if the person is not a firm, a completed uniform application
 26 or, if a firm, the uniform business entity application; and

27 (3) the person's home state awards nonresident producer, limited lines,
 28 surplus lines, managing general agent, reinsurance intermediary broker, and
 29 reinsurance intermediary manager licenses to residents of this state on the same basis
 30 as does this state.

31 (c) Notwithstanding (b) of this section, the director may require

1 (1) a person applying for a nonresident license to furnish the person's
2 fingerprints as required of a person applying for a license under AS 21.27.040(e);

3 (2) a person applying for a surplus lines broker license under this
4 section to have, and maintain while licensed in this state, the bond required of a person
5 applying for a license under AS 21.27.790(2); and

6 (3) a person applying for a nonresident license to comply with the
7 premium fiduciary account requirements of AS 21.27.360 and the regulations adopted
8 under that statute.

9 (d) A person licensed as a limited lines producer in the person's home state
10 shall receive a nonresident limited lines producer license granting the same scope of
11 authority as the license issued by the producer's home state.

12 (e) In addition to the other requirements of this chapter, a person may not be
13 licensed as a nonresident licensee until the person files a power of attorney as follows:

14 (1) an applicant shall appoint the director as attorney to receive service
15 of legal process issued against the licensee in this state upon a cause of action arising
16 in this state or relative to a subject resident, located, or to be performed in this state;
17 service upon the director as attorney shall constitute effective legal service upon the
18 licensee; and

19 (2) the appointment shall be irrevocable for as long as there could be a
20 cause of action against the licensee arising out of an insurance transaction in this state
21 or relative to a subject resident, located, or to be performed in this state.

22 (f) Duplicate copies of legal process against a licensed or formerly licensed
23 nonresident licensee shall be served upon the director either by a peace officer or
24 through certified mail with return receipt requested. At the time of service, the
25 plaintiff shall pay to the director a fee set under AS 21.06.250.

26 (g) Upon receiving a service of process, the director shall immediately send
27 one of the copies of the process by certified mail with return receipt requested to the
28 licensed or formerly licensed nonresident licensee at the last address of record filed
29 with the director.

30 * **Sec. 23.** AS 21.27 is amended by adding a new section to read:

31 **Sec. 21.27.275. Alien licensees.** The director may issue the respective license

1 authorized by this chapter to a nonresident of this state who does not have a home
 2 state if that person meets all the requirements of this chapter for that license applicable
 3 to a resident of this state applying for the same license.

4 * **Sec. 24.** AS 21.27.330 is repealed and reenacted to read:

5 **Sec. 21.27.330. Place of business.** (a) A person licensed under this chapter
 6 shall have and maintain at least one place of business that is physically accessible to
 7 the public in this state unless the person holds a nonresident license and principally
 8 conducts transactions in another state. However, the nonresident licensee must have at
 9 least one physically accessible place in the nonresident licensee's home state. The
 10 requirements of this subsection do not apply to a licensee who only conducts business
 11 in life or health insurance or annuities.

12 (b) If a licensee that is a firm transacts business at more than one place of
 13 business in this state, the licensee shall pay a license fee for each place of business.

14 * **Sec. 25.** AS 21.27.350(c) is amended to read:

15 (c) The records of a particular transaction shall be retained and kept open for
 16 examination and inspection by the director at any business time during the five years
 17 immediately after the date of the completion of the transaction or 10 years for
 18 reinsurance transactions, unless the director orders a longer period of retention. If a
 19 licensee assumes the business of another licensee or former licensee by merger,
 20 purchase, or otherwise, the **compliance officer** [PRINCIPAL OR MANAGER] of the
 21 assuming licensee firm shall provide to the director in writing each location where the
 22 assumed licensee's records are maintained by the assuming licensee during the period
 23 in which the records must be kept available and open to the inspection of the director.
 24 A formerly licensed person shall provide to the director in writing each location where
 25 records shall be maintained during the period in which the records of a particular
 26 transaction must be kept available and open to the examination and inspection of the
 27 director. A formerly licensed person may, with the permission of the director, arrange
 28 to have a current licensee or the home office of the last known insurer of each
 29 policyholder, maintain the records open to the examination and inspection of the
 30 director during the period in which the records must be maintained.

31 * **Sec. 26.** AS 21.27.370 is repealed and reenacted to read:

1 **Sec. 21.27.370. Sharing compensation.** (a) Except as provided in (c) of this
 2 section, a licensee may not compensate a person, other than a licensee who is acting
 3 within the scope of the person's license, for transacting insurance in this state or
 4 relative to a risk resident, located, or to be performed in this state.

5 (b) Except as provided in (c) of this section, a person may not be promised or
 6 paid, directly or indirectly, compensation for transacting a kind or class of insurance
 7 for which the person is not then licensed to transact or for insurance that the person is
 8 prohibited by this title from transacting.

9 (c) An unlicensed person who refers a customer or potential customer to a
 10 licensee and who does not discuss specific terms and conditions of a policy, or gives
 11 opinions or advice regarding insurance, may be compensated for the referral, if the
 12 compensation

13 (1) for each referral is

14 (A) nominal;

15 (B) on a one time basis; and

16 (C) fixed in amount by referral;

17 (2) does not depend on whether the customer or potential customer
 18 purchases the insurance; and

19 (3) is not contingent on the volume of insurance transacted.

20 (d) A person who is no longer licensed in this state may be paid renewal or
 21 other deferred compensation for selling, soliciting, or negotiating insurance in this
 22 state if the person

23 (1) was required to be licensed under this chapter at the time of the
 24 sale, solicitation, or negotiation; and

25 (2) held that required license.

26 (e) In addition to any other penalty provided by law, the director may suspend
 27 or revoke the license of a licensee participating in a violation of this section. The
 28 director may order a licensee who violates this section to pay a penalty of not more
 29 than three times the compensation promised or paid.

30 * **Sec. 27.** AS 21.27.390(a) is amended to read:

31 (a) The director may issue a temporary license only to a person who, except

1 for experience, training, or the taking of an examination, meets all qualifications for a
2 permanent license and if the person is

3 (1) the surviving spouse, next of kin, or the administrator or executor
4 of a deceased licensed insurance producer or managing general agent;

5 (2) the spouse, next of kin, employee, or legal guardian of a licensed
6 insurance producer or managing general agent who is disabled from transacting
7 insurance because of sickness, mental illness [INSANITY], or injury;

8 (3) a surviving member, officer, or employee of a firm licensed as
9 insurance producer or managing general agent upon the death of the compliance
10 officer [PRINCIPAL OR MANAGER] of the firm holding the same licenses as the
11 firm; or

12 (4) the designee of a licensed insurance producer who enters active
13 service in the armed forces of the United States, but only for insurance relating to
14 insurers for whom the licensee was acting as an agent.

15 * **Sec. 28.** AS 21.27.410(b) is amended to read:

16 (b) The license of a firm and its compliance officer [PRINCIPAL OR
17 MANAGER] may be denied, nonrenewed, suspended, or revoked for a violation or
18 cause that relates to a person representing or acting on behalf of the firm.

19 * **Sec. 29.** AS 21.27.460(c) is amended to read:

20 (c) Upon a change in the state of residence, a place of business, a mailing
21 address, or in the compliance officer [PRINCIPAL OR MANAGER] of a firm, a
22 license subject to the change shall be surrendered to the director within 10 days either
23 personally or by certified mail and the division shall reissue the license reflecting the
24 changes if the licensee continues to satisfy the qualifications under this chapter.

25 * **Sec. 30.** AS 21.27.540(g) is amended to read:

26 (g) In addition to any other penalty provided by law, if the director determines
27 under AS 21.06.170 - 21.06.240 that the employing licensed insurance producer knew
28 of or should have known that a trainee insurance producer violated this section, the
29 employing licensed insurance producer and firm, and compliance officer
30 [PRINCIPAL AND MANAGER], if any, are subject to the penalties provided under
31 AS 21.27.440.

1 * **Sec. 31.** AS 21.27.560(a) is amended to read:

2 (a) A client who appoints an insurance producer as its broker in this state or
3 relative to a subject resident, located, or to be performed in this state shall execute a
4 written contract that specifically sets out the duties, functions, powers, authority, and
5 compensation of the insurance producer, if the broker is compensated by a fee paid **by**
6 the client or by a combination of a fee paid by a client and a commission paid by an
7 insurer with which coverage has been placed. The written contract shall be kept in the
8 permanent records of the insurance producer and be open to inspection by the director.

9 * **Sec. 32.** AS 21.27.600(g) is amended to read:

10 (g) In addition to any other penalty provided by law

11 (1) the director shall revoke the trainee license of a trainee managing
12 general agent who the director determines has violated the provisions of this section; a
13 licensee or other person having possession or custody of the license shall immediately
14 surrender the license to the director either personally or by certified mail;

15 (2) if the director determines under AS 21.06.170 - 21.06.240 that the
16 employing managing general agent knew of or should have known that a trainee
17 managing general agent violated this section, the employing managing general agent
18 and firm, **and compliance officer** [PRINCIPAL, AND MANAGER], if any, are
19 subject to the penalties provided under AS 21.27.440.

20 * **Sec. 33.** AS 21.27.620 is amended by adding a new subsection to read:

21 (l) In this section, "transact" has the meaning given "transact" with respect to
22 insurance in AS 21.90.900.

23 * **Sec. 34.** AS 21.27.640(b) is repealed and reenacted to read:

24 (b) To qualify for issuance or renewal of a registration, an applicant or
25 registrant shall comply with this title, regulations adopted under AS 21.06.090, and

26 (1) be a trustworthy person;

27 (2) have active working experience in administrative functions that, in
28 the director's opinion, exhibits the ability to competently perform the administrative
29 functions of a third-party administrator;

30 (3) not have committed an act that is a cause for denial, nonrenewal,
31 suspension, or revocation of a registration or license in this state or another

1 jurisdiction;

2 (4) maintain a lawfully established place of business as described in
3 AS 21.27.330 in this state, unless licensed as a nonresident under AS 21.27.270;

4 (5) disclose to the director all owners, officers, directors, or partners, if
5 any;

6 (6) designate a compliance officer for the firm;

7 (7) provide in or with its application

8 (A) all basic organizational documents of the third-party
9 administrator, including articles of incorporation, articles of association,
10 partnership agreement, trade name certificate, trust agreement, shareholder
11 agreement, and other applicable documents and all endorsements to the
12 required documents;

13 (B) the bylaws, rules, regulations, or similar documents
14 regulating the internal affairs of the administrator;

15 (C) the names, mailing addresses, physical addresses, official
16 positions, and professional qualifications of persons who are responsible for
17 the conduct of affairs of the third-party administrator, including the members
18 of the board of directors, board of trustees, executive committee, or other
19 governing board or committee; the principal officers in the case of a
20 corporation, or the partners or members in the case of a partnership, limited
21 liability company, limited liability partnership, or association; shareholders
22 holding directly or indirectly 10 percent or more of the voting securities of the
23 third-party administrator; and any other person who exercises control or
24 influence over the affairs of the third-party administrator;

25 (D) certified financial statements for the preceding two years,
26 or for each year and partial year that the applicant has been in business if less
27 than two years, prepared by an independent certified public accountant
28 establishing that the applicant is solvent, that the applicant's system of
29 accounting, internal control, and procedure is operating effectively to provide
30 reasonable assurance that money is promptly accounted for and paid to the
31 person entitled to the money, and any other information that the director may

1 require to review the current financial condition of the applicant; and

2 (E) a statement describing the business plan, including
3 information on staffing levels and activities proposed in this state and in other
4 jurisdictions and providing details establishing the third-party administrator's
5 capability for providing a sufficient number of experienced and qualified
6 personnel in the areas of claims handling, underwriting, and record keeping;

7 (8) provide to the director documents necessary to verify the
8 statements contained in or in connection with the application; and

9 (9) notify the director, in writing, within 30 days of

10 (A) a change in compliance officer, residence, place of
11 business, mailing address, or phone number;

12 (B) the suspension or revocation of an insurance license or
13 registration by another state or jurisdiction; or

14 (C) a conviction of a misdemeanor or felony of the third-party
15 administrator, its officers, directors, partners, owners, or employees.

16 * **Sec. 35.** AS 21.27.650 is amended by adding a new subsection to read:

17 (p) In this section, "transact" has the meaning given "transact" with respect to
18 insurance in AS 21.90.900.

19 * **Sec. 36.** AS 21.27.680(g) is amended to read:

20 (g) In addition to any other penalty provided by law,

21 (1) the director shall revoke the license of a trainee reinsurance
22 intermediary broker who the director determines has violated the provisions of this
23 section; a licensee or other person having possession or custody of the license shall
24 immediately surrender the license to the director either personally or by certified mail;

25 (2) if the director determines under AS 21.06.170 - 21.06.240 that the
26 employing reinsurance intermediary broker knew of or should have known that a
27 trainee reinsurance intermediary broker violated this section, the employing
28 reinsurance intermediary broker and firm, **and compliance officer** [PRINCIPAL
29 AND MANAGER], if any, are subject to the penalties provided under AS 21.27.440.

30 * **Sec. 37.** AS 21.27.690 is amended by adding a new subsection to read:

31 (g) In this section, "transact" has the meaning given "transact" with respect to

1 insurance in AS 21.90.900.

2 * **Sec. 38.** AS 21.27.760 is amended by adding a new subsection to read:

3 (l) In this section "transact" has the meaning given "transact" with respect to
4 insurance in AS 21.90.900.

5 * **Sec. 39.** AS 21.27.800(g) is amended to read:

6 (g) In addition to any other penalty provided by law,

7 (1) the director shall revoke the license of a trainee surplus lines broker
8 who the director determines has violated the provisions of this section; a licensee or
9 other person having possession or custody of the license shall immediately surrender
10 the license to the director either personally or by certified mail;

11 (2) if the director determines under AS 21.06.170 - 21.06.240 that the
12 employing surplus lines broker knew of or should have known that a trainee licensed
13 under this section violated this section, the employing surplus lines broker and firm,
14 **and compliance officer** [PRINCIPAL, AND MANAGER], if any, are subject to the
15 penalties provided under AS 21.27.440.

16 * **Sec. 40.** AS 21.27.840(f) is amended to read:

17 (f) A trainee independent adjuster shall at all times be working at the direction
18 and under the supervision of the employing licensed independent adjuster, and the file
19 and record documentation shall reflect the direction and supervision. The employing
20 licensed independent adjuster and its firm, **and compliance officer** [MANAGER,
21 AND PRINCIPAL], if any, are responsible for all insurance actions of the trainee
22 independent adjuster.

23 * **Sec. 41.** AS 21.27.840(i) is amended to read:

24 (i) In addition to any other penalty provided by law,

25 (1) a trainee independent adjuster who the director determines has
26 violated the provisions of this section shall have its license terminated; a licensee or
27 other person having possession or custody of the license shall within 30 days surrender
28 the license to the director either personally or by certified mail;

29 (2) if the director determines under AS 21.06.170 - 21.06.240 that the
30 employing licensed independent adjuster knew of or should have known that a trainee
31 independent adjuster violated this section, the employing licensed independent

1 adjuster and firm, **and compliance officer** [PRINCIPAL AND MANAGER], if any,
2 are subject to the penalties provided under AS 21.27.440.

3 * **Sec. 42.** AS 21.27.900(10) is amended to read:

4 (10) "individual" means a natural person required to be licensed under
5 AS 21.27.010 [WHO IS NOT ACTING IN ASSOCIATION WITH TWO OR MORE
6 LICENSEES, EITHER IN PARTNERSHIP, CORPORATION, OR OTHERWISE,
7 OR AN ORGANIZATION IN WHICH A SINGLE LICENSEE HAS 50 PERCENT
8 OR MORE OWNERSHIP INTEREST IN THE ORGANIZATION];

9 * **Sec. 43.** AS 21.27.900 is amended by adding new paragraphs to read:

10 (23) "compliance officer" means a licensee under this chapter that is
11 responsible for a firm's compliance with the insurance statutes and regulations of this
12 state;

13 (24) "home state" means the District of Columbia or a state or territory
14 of the United States in which an insurance producer maintains the producer's principal
15 place of residence or principal place of business and is licensed to act as an insurance
16 producer;

17 (25) "insurance producer" means a person who sells, solicits, or
18 negotiates insurance or insurance products;

19 (26) "license" means, unless the context requires otherwise, a
20 document issued by the director of insurance authorizing a person to act for the type,
21 class, and lines of authority specified in the document;

22 (27) "limited lines credit insurance" includes credit life, credit
23 disability, credit property, credit unemployment, involuntary unemployment, mortgage
24 life, mortgage guaranty, mortgage disability, guaranteed automobile protection
25 insurance, and any other form of insurance offered in connection with an extension of
26 credit that is limited to partially or wholly extinguishing that credit obligation that the
27 director of insurance determines must be designated a form of limited lines credit
28 insurance;

29 (28) "limited lines insurance" means those lines of insurance defined in
30 AS 21.27.150 or any other line of insurance that the director of insurance designates
31 by order as a limited line;

1 (29) "negotiate" means the act of conferring directly with or offering
 2 advice directly to a purchaser or insured or prospective purchaser or insured of a
 3 particular contract of insurance concerning any of the substantive benefits, terms, or
 4 conditions of the contract, if the person engaged in that act either sells insurance or
 5 obtains insurance from insurers for purchasers or insureds;

6 (30) "sells" means to exchange a contract of insurance by any means,
 7 for money or its equivalent, on behalf of an insurance company;

8 (31) "solicit" means attempting to sell insurance or asking or urging a
 9 person to apply for a particular kind of insurance from a particular company;

10 (32) "transact" or "transact business" means sell, solicit, or negotiate
 11 insurance or insurance products;

12 (33) "uniform application" means the most recent version of the
 13 uniform application of the National Association of Insurance Commissioners;

14 (34) "uniform business entity application" means the most recent
 15 version of the uniform business entity application of the National Association of
 16 Insurance Commissioners.

17 * **Sec. 44.** AS 21.36 is amended by adding new sections to read:

18 **Sec. 21.36.162. Nondisclosure of personal information.** (a) Except as
 19 provided in 15 U.S.C. 6801 - 6805 (Title V of the Gramm-Leach-Bliley Act of 1999),
 20 a person may not disclose personal information records regarding an individual who
 21 seeks to obtain, obtains, or has obtained an insurance product or service from a
 22 licensee that is to be used primarily for personal, family, or household purposes.

23 (b) The director shall adopt regulations regarding the release of financial and
 24 health information regarding an individual who seeks to obtain, obtains, or has
 25 obtained an insurance product or service from a licensee that is to be used primarily
 26 for personal, family, or household purposes. The regulations must be consistent with,
 27 but no less restrictive than, the model regulations adopted by the National Association
 28 of Insurance Commissioners on September 26, 2000 concerning the release of that
 29 information.

30 **Sec. 21.36.164. Licensing of persons in a financial institution.** A financial
 31 institution may not allow a person to transact insurance in an office of the institution,

1 nor on behalf of the institution, unless the person is licensed as required under
2 AS 21.27.

3 * **Sec. 45.** AS 21.36.165 is amended to read:

4 **Sec. 21.36.165. Anticoercion and antitying [FAVORED AGENT OR**
5 **INSURER; COERCION OF DEBTORS].** A person may not

6 (1) require, as a condition to the lending of money or extension of
7 credit, or a renewal of the loan or extension of credit, that the obligee of the money or
8 credit negotiate a policy or contract of insurance through any particular person or
9 group of persons;

10 (2) disapprove the insurance policy provided by a borrower for the
11 protection of property securing credit or a **loan** [LIEN] if disapproval is based on other
12 than reasonable standards uniformly applied and relating to the extent of coverage
13 required and the financial soundness and the services of the insurer; the standards may
14 not discriminate against a particular type of insurer, or call for the disapproval of a
15 policy containing coverage in addition to that required;

16 (3) **unless charges are required when the person handling the**
17 **insurance transaction is a licensee,** require a **consumer** [BORROWER,
18 MORTGAGOR, PURCHASER], insurer, broker, or agent to pay a separate charge for
19 handling an insurance policy required as security for a loan on real property, or to pay
20 a separate charge to substitute the insurance policy of one insurer for that of another,
21 except that interest may be charged on premium loans **or** [OF] premium advancements
22 in accordance with the security instrument;

23 (4) use or disclose information, **including health information,**
24 resulting from a requirement that a **consumer** [BORROWER, MORTGAGOR, OR
25 PURCHASER] furnish insurance of any kind on real property being conveyed or used
26 as collateral security to a loan **to another, other than an officer, director, employee,**
27 **agent, or affiliate of the person for the purpose of soliciting or selling insurance**
28 **without the written consent of the consumer, except**

29 **(A) in the case of a transfer of insurance information to an**
30 **unaffiliated insurer in connection with transferring insurance in force on**
31 **an existing policyholder of the person;**

1 **(B) in the case of a transfer of insurance information to an**
 2 **unaffiliated insurer in connection with a merger with or acquisition of an**
 3 **unaffiliated insurer; or**

4 **(C) when the release of the information is authorized by**
 5 **state or federal law** [,WHEN THE INFORMATION IS TO THE
 6 ADVANTAGE OF THE MORTGAGEE, VENDOR, OR LENDER, OR IS
 7 TO THE DETRIMENT OF THE BORROWER, MORTGAGOR,
 8 PURCHASER, INSURER, AGENT, OR BROKER COMPLYING WITH
 9 THE REQUIREMENT].

10 * **Sec. 46.** AS 21.36.165 is amended by adding new subsections to read:

11 (b) A person shall use separate documents for an insurance transaction, other
 12 than credit insurance or flood insurance, and for a credit transaction.

13 (c) A person may not include insurance premiums in a primary credit
 14 transaction without the consent of the consumer.

15 (d) A person shall maintain separate and distinct records relating to insurance
 16 transactions, including consumer complaint information, and shall make the records
 17 available to the director for inspection upon notice.

18 (e) Nothing in this section prohibits a person from informing a consumer or
 19 prospective consumer that insurance is required in order to obtain a loan or credit, or
 20 that loan or credit approval is contingent upon the procurement of acceptable
 21 insurance by the consumer or that insurance is available from the person.

22 * **Sec. 47.** AS 21.36 is amended by adding new sections to read:

23 **Sec. 21.36.167. Misrepresentation in financial institution sales.** In the sale
 24 of insurance by a financial institution, a person may not engage in any practice or use
 25 an advertisement that may tend to mislead or deceive a consumer or cause a consumer
 26 to erroneously believe that

27 (1) the insurance is backed by or a return on the insurance is
 28 guaranteed by the state, the federal government, the person, or the Federal Deposit
 29 Insurance Corporation;

30 (2) the state or federal government

31 (i) will pay a claim under an insurance contract that is

1 an obligation of or was sold by the person;

2 (ii) is responsible for the insurance sales activities of the
3 person; or

4 (iii) the state or federal government guarantees the
5 credit of the person;

6 (3) for insurance that contains investment risk, the insurance does not
7 contain investment risk, the principal may not be lost, or the value of the insurance
8 may not decline;

9 (4) the lending of money, extension of credit, or a renewal of a loan is
10 conditioned on the purchase of insurance from the person and that insurance may not
11 be purchased from another source.

12 **Sec. 21.36.168. Disclosures required in financial institution sales.** (a) In
13 the sale of insurance by a financial institution, a person shall disclose both orally and
14 in writing to a consumer before the initial purchase of insurance that

15 (1) the insurance is not a deposit or other obligation of the person;

16 (2) the insurance is not guaranteed by the person or the person
17 soliciting insurance;

18 (3) the insurance is not insured by the Federal Deposit Insurance
19 Corporation or other agency of the United States, the financial institution, or the
20 person;

21 (4) if the insurance contains risk, the insurance contains investment
22 risk and the insurance may lose value;

23 (5) the consumer is not required to negotiate a policy or contract of
24 insurance through any particular person or group of persons as a condition to the
25 lending of money or extension of credit, or a renewal of the loan or extension of
26 credit, except that the person may impose reasonable requirements uniformly applied
27 and relating to the extent of coverage required and the financial soundness and the
28 services of the insurer and that the standards may not discriminate against a particular
29 type of insurer or require disapproval of a policy containing coverage in addition to
30 that required.

31 (b) A person shall also provide the disclosures required in (a) of this section to

1 a consumer both orally and in writing at the time of application for an extension of
2 credit.

3 (c) If an application for insurance is made by telephone, written disclosure as
4 required in (a) of this section must be mailed to the consumer within three working
5 days.

6 (d) A person may provide the disclosures required in (a) of this section
7 electronically, if

8 (1) the consumer affirmatively consents to electronic disclosure; and

9 (2) the disclosures are provided in a format that the consumer is able to
10 access at a later time such as through printing or storing the disclosures electronically.

11 (e) A person shall provide the disclosures required in (a) of this section in a
12 meaningful form and in a conspicuous, simple, direct, and understandable manner that
13 is designed to call attention to the information provided.

14 (f) A person shall obtain a written acknowledgement or, in the case of an
15 electronic disclosure provided in compliance with (d) of this section, a written or
16 electronic acknowledgement, by the consumer that the consumer received the
17 disclosures as required in this section.

18 (g) This section does not require that a person provide the disclosures required
19 in this section in advertisements that are of a general nature or that describe or list the
20 services or products offered by a financial institution or on behalf of a financial
21 institution.

22 (h) In this section, "meaningful form" means

23 (1) for other than an electronic form, a form of disclosure that is
24 provided to a consumer orally and in writing;

25 (2) for an electronic form, a disclosure that a consumer cannot
26 electronically bypass before purchasing insurance.

27 **Sec. 21.36.169. Definitions for AS 21.36.164 - 21.36.169.** In AS 21.36.164 -
28 21.36.169, unless the context otherwise requires,

29 (1) "consumer" means a person who obtains, applies to obtain, or is
30 solicited to obtain insurance from or on behalf of a financial institution;

31 (2) "financial institution" means a bank holding company under

1 12 U.S.C. 1841 (Bank Holding Company Act of 1956); a thrift holding company,
 2 under 12 U.S.C. 1467(d) (Home Owners Loan Act), a bank, savings bank, savings and
 3 loan association, or trust company, or any depository institution under 12 U.S.C.
 4 1813(c)(1); and any other person authorized to take federally insured deposits or make
 5 loans in the state; "financial institution" includes any employee or agent of a financial
 6 institution and any non-depository affiliate or subsidiary of a financial institution but
 7 only in the instances when the non-depository affiliate or subsidiary is soliciting the
 8 sale or purchase of insurance recommended or sponsored by, on the premises of, or in
 9 connection with a product offering of, the financial institution.

10 * **Sec. 48.** AS 21.36 is amended by adding a new section to read:

11 **Sec. 21.36.355. Felony convictions involving dishonesty or breach of trust.**

12 (a) A person who has a conviction for a felony involving dishonesty or a breach of
 13 trust may not engage or participate in the business of insurance without receiving prior
 14 written consent by the director as required under 18 U.S.C. 1033 and 1034 (Violent
 15 Crime Control and Law Enforcement Act of 1994).

16 (b) A person who fails to seek prior written consent from the director under (a)
 17 of this section is in violation of this chapter.

18 (c) A person who is engaged in the business of insurance may not knowingly
 19 permit the participation in the business of insurance by a person who has been
 20 convicted of a felony involving dishonesty or breach of trust except as allowed under
 21 (a) of this section.

22 * **Sec. 49.** AS 21.36.430(a) is amended to read:

23 (a) **A person transacting** [AN INSURER OFFERING] insurance in this state
 24 may not (1) refuse to issue or renew insurance coverage; (2) **limit the scope of**
 25 **insurance coverage;** (3) cancel an existing policy of insurance; (4) [(3)] deny a
 26 covered claim; or (5) [(4)] increase the premium on an insurance policy **based on a**
 27 **person's status as** [IF THE REFUSAL, CANCELLATION, DENIAL, OR
 28 INCREASE RESULTS ONLY FROM THE FACT THAT THE PERSON WAS] a
 29 victim of domestic violence **or as a provider of services to victims of domestic**
 30 **violence.**

31 * **Sec. 50.** AS 21.36.430 is amended by adding a new subsection to read:

1 (c) In this section, "domestic violence" means the occurrence of one or more
 2 of the following by a current or former family member, household member, intimate
 3 partner, or caretaker

4 (1) attempting to cause, causing, or threatening another person with
 5 physical harm, severe emotional distress, psychological trauma, rape, or sexual
 6 assault;

7 (2) engaging in a course of conduct or repeatedly committing acts
 8 toward another person, including following the person without proper authority, under
 9 circumstances that place the person in reasonable fear of bodily injury or physical
 10 harm;

11 (3) subjecting another person to false imprisonment; or

12 (4) attempting to cause or causing damage to property so as to
 13 intimidate or attempt to control the behavior of another person.

14 * **Sec. 51.** AS 21.89.080 is repealed and reenacted to read:

15 **Sec. 21.89.080. Electronic submissions.** The director may, by regulation or
 16 by order, provide for the electronic submission of any information or written
 17 submission required by this title, and for an electronic confirmation of a required
 18 submission.

19 * **Sec. 52.** AS 21.90.900(24) is repealed and reenacted to read:

20 (24) "insurance producer" has the meaning given in AS 21.27.900;

21 * **Sec. 53.** AS 21.27.170, 21.27.405(c), 21.27.530(5), 21.27.900(14), and 21.27.900(16) are
 22 repealed.

23 * **Sec. 54.** The uncodified law of the State of Alaska is amended by adding a new section to
 24 read:

25 **INDIRECT COURT RULE AMENDMENT.** (a) The provisions of AS 21.27.110(h),
 26 as repealed and reenacted by sec. 15 of this Act, have the effect of amending Rule 402,
 27 Alaska Rules of Evidence, by making inadmissible in court, except under certain
 28 circumstances, the statement of reasons for termination of an appointment under
 29 AS 21.27.110.

30 (b) The provisions of AS 21.27.110(h), as repealed and reenacted by sec. 15 of this
 31 Act, that relate to admissibility of evidence in court take effect only if (a) of this section

1 receives the two-thirds majority vote of each house required by art. IV, sec. 15, Constitution
2 of the State of Alaska.

3 * **Sec. 55.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 TRANSITION: REGULATIONS. Notwithstanding secs. 57 and 58 of this Act, the
6 director of insurance may immediately proceed to adopt regulations necessary to implement
7 the changes made by this Act. The regulations take effect under AS 44.62 (Administrative
8 Procedure Act), but not before the effective date of the statutory change.

9 * **Sec. 56.** Sections 1, 9, 10, 51, and 55 of this Act take effect immediately under
10 AS 01.10.070(c).

11 * **Sec. 57.** Sections 44 - 50 of this Act take effect July 1, 2001.

12 * **Sec. 58.** Except as provided in secs. 56 and 57 of this Act, this Act takes effect January 1,
13 2002.