

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 1
 Bill Version CSHB 164(L&C)
 (H) Publish Date 3/9/11

Identifier (file name) HB164-CCED-INS-02-17-11 Dept. Affected DCCED
 Title Insurance Appropriation Insurance Operations
 Allocation Insurance Operations
 Sponsor House Labor & Commerce
 Requester House Labor & Commerce OMB Component Number 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1178 Micro-Loan Fund (RLF)								
Other (please identify)								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Linda Hall, Division Director
 Division Division of Insurance
 Approved by Susan Bell, Commissioner
Commerce, Community, and Economic Development

Phone 465-2560
 Date/Time 2/17/11 10:06 AM
 Date 2/18/2011

Analysis

This legislation addresses an amendment to federal law (the Nonadmitted and Reinsurance Reform Act of 2010) effective in June 2011 that changes how premium taxes on Surplus Lines insurance can be collected and allocated. This legislation will avoid loss of revenue from premium tax.

The bill addresses various financial changes such as risk based capital tests, one of which will be an accreditation standard on 1/1/2012, requirements for filing biographical affidavits for domestic insurance company officers and directors and changes in the collateralization of certain reinsurance obligations.

Two provisions of this bill address insolvencies of insurance companies. One adds provisions to receivership statutes to address large deductible policies and payment of deductibles to the guaranty fund. The other increases the coverage in Alaska Life and Health Insurance Guaranty Association to \$250,000 for annuity benefits.

Consumer protection provisions include amending the long term care statutes to conform to the NAIC long term care model act and to require filing and approval of premium rates, filing and approval of health insurance rates for all companies offering health insurance in Alaska and requiring notifications of lapse, cancellation or changes in premiums for health insurance policies. Also included is a provision to make forging of an insurance document a felony regardless of the intent to defraud.

This legislation would eliminate the requirement of "individual in a firm" license type which will allow individuals to change employers without additional filings, fees or notification requirements as well as eliminate most late notification penalties. This legislation will also allow for communication by electronic methods.

The agency does not predict a significant fiscal impact as a result of the proposed statute. Accordingly, the agency submits a zero fiscal note.