

Consolidated  
A M E N D M E N T S

SENATE BILL NO. 83

Offered in the Senate by the Judiciary Committee

Page 1, line 11 - after the title add "(a)"

Page 1, between lines 14 & 15 - add:

(b) Foreign and alien insurers doing business as authorized insurers under this title are not subject to the Alaska Business Corporation Act (AS 10.05).

Page 1, line 19 - strike "and"

Page 1, line 21 - after "title" strike the period and substitute  
"; and"

Page 1, between line 21 & 22 - add:

(3) health service corporations, except as stated in ch. 87 of this title (Hospital and Medical Service Corporations);

(4) any life insurance or annuity company organized and operated without profit to any private shareholder or individual exclusively for the purpose of aiding and strengthening educational institutions by issuing insurance and annuity contracts only to or for the benefit of such institution and individuals engaged in the services of such institutions.

Page 2, line 5 - after "midnight" strike the remainder of the line and substitute "on the anniversary of the date of issuance;"

Page 2, line 6 - after "brokers" add "shall"

Page 2, lines 7 & 8 - after "midnight" strike the remainder of the sentence and substitute "on the anniversary of the date of issuance."

Page 3, between lines 8 & 9 - add:

Sec. 21.03.060. PRE-EMPTION. The state hereby pre-empts the field of regulating insurers and their general agents, agents and representatives; and all political subdivisions of the state, including home rule boroughs or cities, are prohibited from

requiring of any insurer, general agent, agent or representative regulated under this title any authorization, permit or registration of any kind for conducting transactions lawful under the authority granted by the state under this title.

Page 5, line 2 - after "fee" insert a comma

Page 7, line 23 - delete "such"

Page 7, line 24 - before "order" insert "A mailed"

Page 10, line 9 - after "insurer" and before the closing parenthesis insert "or Canadian insurer"

Page 10, line 25 - after "examined" add "if the person has failed to complete or correct the accounting after the director has given him notice and a reasonable opportunity to do so"

Page 11, between lines 7 & 8 - add:

(e) As far as practical the director shall conduct the examination of a foreign or alien insurer in cooperation with the insurance supervisory officials of other states in which the insurer transacts business, and for this purpose he may participate in joint examinations of insurers or he may be represented at an examination by an examiner of another state.

Page 12, line 10 - strike "140" and insert "130"

Page 12, lines 28 & 29 - after "director" delete remainder of sentence and insert "under (a) of this section."

Page 13, line 4 - after "fund" insert a period and capitalize the "t" in "the" following the period

Page 13, line 5 - strike "paid" and insert "due"

Page 14, beginning on line 27 - strike Sec. 21.06.180 in its entirety and renumber the remaining sections accordingly

Page 15, line 20 - after the comma insert " or for good cause shown,"

Page 16, lines 11 & 12 - strike ", First Judicial District"

Page 18, beginning at line 13 - strike all of the material after the section title through pages 18, 19, and line 24 of page 20, and substitute:

A person aggrieved by an order of the director may appeal the order to the Superior Court, using procedures provided by court rule.

Page 20, between lines 24 & 25 - add:

Sec. 21.06.250. HEARINGS INAPPLICABLE. The hearing procedures provided for in secs. 180 - 230 of this chapter shall not apply to matters covered by ch. 39 of this title.

Page 22, line 3 - change "or" to "of"

Page 22, line 6 - strike "250.00" and insert "50.00"

Page 22, line 8 - strike "250.00" and insert "50.00"

Page 22, line 11 - strike the comma after "license"

Page 22, line 22 - strike the comma after "license"

Page 22, line 25 - after "insurance" add "and annuities"

Page 23, line 3 - strike "or" and insert "of"

Page 23, line 7 - strike "agents" and insert "brokers"

Page 23, line 14 - insert a dash between "license" and "resident"

Page 23, line 19 - strike "issed" and insert "issued"

Page 24, line 7 - strike the semi-colon after "above" and insert a comma

Page 29, line 10 - after "basic" insert "capital or basic"; and after "surplus" strike "or" and insert "and"

Page 29, between lines 19 & 20 - insert:

(e) A life insurer may also grant annuities without additional capital or additional surplus.

Page 29, line 28 - after the closing parenthesis insert "for such authority"

Page 29, line 29 - strike "for such authority"

Page 31, line 4 - after "creditors" strike ", in Alaska" and insert "in the United States"

Page 31, line 21 - strike "or alien insurers" and insert "insurers, or deposits of alien insurers under (b)(3)(A) or (B) of this section"

Page 32, line 15 - delete the closing parenthesis before "by" and insert a closing parenthesis after "21.06.250"

Page 33, line 26 - before the comma insert "if then available"

Page 33, line 27 - before the comma insert "if then known"

Page 34, line 1 - after "insurer" add "or by the insurer"

Page 36, line 27 - before the semi-colon add "(A judgment appealed from is not final until determined by the appellate court.)"

Page 37, line 4 - before "compels" insert "delays adjustment of claims, or"

- Page 37, line 13 - delete the "a" before "surplus"; and change "insurer" to "insurance"
- Page 38, line 4 - strike "may" and insert "shall"
- Page 38, line 13 - before "shall" insert "shall not solicit or write any new business in this state, but"
- Page 38, line 15 - before "as" insert "and may service its outstanding business in force in this state"
- Page 38, lines 20 & 21 - strike "causes of the suspension have not been removed" and insert "practices which lead to the suspension have not been discontinued"
- Page 38, line 28 - change "even" to "event"
- Page 40, line 10 - strike "or registered"; and before "to" insert "with return receipt requested"
- Page 40, line 13 - delete "30" and insert "45"
- Page 40, line 25 - after "and" insert "as"
- Page 41, line 3 - before the period add "unless verification is waived by the Director of Insurance"
- Page 41, line 15 - after "authority" insert a comma; and change "calling" to "failing"
- Page 42, line 18 - before the comma insert "other than wet marine and transportation insurance"
- Page 42, line 21 - before "refunds" add "unabsorbed premiums refunded to policy holders,"
- Page 42, line 24 - before "of" insert "value"
- Page 43, line 1 - delete all of line 1 and insert:
- (2) for hospital and medical service corporations, (ch. 87 of this title) six per cent of their gross premiums less claims paid;
- Page 43, line 2 - delete "title" and insert "hospital and medical service corporations"
- Page 43, lines 7 - 19 - delete all of lines 7 - 19 and insert:
- (d) An authorized insurer shall, with respect to all wet marine and transportation contracts written within this state during the preceding calendar year, before April 1 of each year, pay to the director a tax of three-quarters of one per cent on its gross underwriting profit. The gross underwriting profit is computed by deducting from the net premiums (i.e., gross premiums less all return premiums and premiums for reinsurance),

on such wet marine and transportation insurance contracts, the net losses paid (i.e., gross losses paid, less salvage and recoveries on reinsurance ceded) during the calendar year under such contracts. In the case of profit shall not include, for computation of the tax prescribed by this section, the amounts refunded or paid as participation dividends by such insurers to the holders of such contracts.

(e) Payment to the director by an insurer of the tax upon its premiums as in this section required, shall be in lieu of all other taxes imposed by the state upon premiums, franchise, privilege or other taxes measured by income of the insurer commencing with the taxable year January 1, 1965.

(f) The state hereby pre-empts the field of imposing excise, privilege, franchise, income, license, permit, registration, and similar taxes, licenses, and fees upon insurers and their general agents, agents and representatives as such; and on the intangible property of insurers or such agents; and all political subdivisions or agencies in the state, including home rule boroughs or cities, are prohibited from imposing or levying upon insurers, or upon their general agents, agents and representatives as such, any such tax, license, or fee. Provided, however, that this subsection shall not be construed as prohibiting the imposition by political subdivisions of taxes upon real and tangible personal property of such insurers and their general agents, agents and representatives.

Page 43, line 20 - change "(f)" to "(g)"

Page 43, line 29 - after "contracts" insert "and annuity contracts"

Page 44, line 7 - after "policies" delete "(and dailies)" and insert ", riders and endorsements"

Page 44, line 20 - before the period insert "; except that if two or more insurers issue a single policy of insurance, the policy may be countersigned on behalf of all insurers appearing on it by a licensed agent, resident of the state, or any one such insurer"



Page 45, lines 14 - 25 - strike all matter on lines 14 - 25 and insert the following:

(1) policies covering property received for shipment or delivery, or in transit while in the possession or custody of any common carrier, or the rolling stock, vessels, aircraft, or other property of any common carrier used and employed by it in interstate or foreign commerce, or insurance of aircraft owned or operated by manufacturers of aircraft;

(2) policies issued by insurers not using agents in the general solicitation of business;

(3) contracts of reinsurance or retrocessions made by and for admitted companies;

(4) contracts and annuity contracts of life and disability insurance;

(5) contracts of title insurance;

(6) bid bonds issued in connection with any public or private contract;

(7) wet marine and transportation insurances.

Page 48, line 2 - before the comma insert "or a province of Canada"

Page 48, lines 16 - 17 - between lines 16 - 17 insert:

(e) In the case of an insurer formed under the laws of Canada or a province of Canada, its domicile is the province in which its head office is located.

Page 48, line 29 - before "appointment" delete the "The" and insert "Except as provided under AS 21.27.510, the"

Page 50, line 13 - before "title" insert "annuities,"

Page 51, line 1 - after "policyholders" insert ", or assets held in trust for the benefit of its American policyholders,"

Page 52, line 11 - after "sickness" insert "or childbirth, or against expense incurred in prevention of sickness, or dental care"

Page 52, lines 13 - 14 - between lines 13 - 14 insert the following:

Sec. 21.12.055. ANNUITIES AND ANNUITY CONTRACT DEFINED.

(a) Annuities means all agreements to make periodical payments where the making or continuance of all or some of a series of such payments, or the amount of any such payment, is dependent

upon the continuance of human life, except payments made under sec. 40 of this chapter. The business of annuities shall be deemed to include additional benefits operating to safeguard the contract from lapse, or to provide a special surrender value, or special benefit, or annuity, in the event of total and permanent disability of the holder.

(b) Annuity contract means a contract providing for an annuity as defined in (a) of this section.

Page 56, line 13 - strike "check forgery or alteration, or against"

Page 56, line 20 - after "vehicles" delete ", by mail,"

Page 62, lines 2 - 5 - strike all matter on lines 2 - 5 and insert:

(11) electronic and mechanical machines constituting a data processing and accounting system if the cost of the system is at least \$25,000, which cost shall be amortized in full over a period of not to exceed 10 calendar years;

Page 63, line 2 - after "any" insert "material"

Page 63, line 3 - before "proportionate" insert "material"

Page 63, lines 7 - 9 - after "fixtures" delete "(other than electronic data processing machines authorized under sec. 10(11) of this chapter)"

Page 63, line 10 - after "supplies" insert "(other than electronic data processing machines authorized under sec. 10(11) of this chapter)"

Page 65, lines 24 - 25 - between lines 24 & 25 insert the following:

(4) with reference to disability insurance, the amount of reserves required under sec. 80 of this chapter;

Page 65, line 25 - delete "(4)" and insert "(5)"

Page 65, line 26 - before "of" insert "and (4)"

Page 66, line 1 - delete "(5)" and insert "(6)"

Page 67, line 10 - strike "director" and insert "supervisory official of the insurer's state of domicile"

Page 70, lines 20-29 & page 71, lines 1-21 - delete all of subsec. (b)

Page 71, line 22 - delete "(c)" and insert "(b)"

Page 71, line 24 - delete "AS 21.45.310" and insert "AS 21.45.300"

Page 71, line 27 - delete "(c)(2)" and insert "(b)(2)"

Page 72, lines 3 - 8 - strike all matter and insert "the commissioners 1958 Standard Ordinary Mortality Table, except that for any category of such"

Page 72, line 10 - change "(c)(2)" to "(b)(2)"

Page 72, lines 11-12 - after "calculated" delete ", at the option of the insurer with the approval of the director,"

Page 72, line 12 - before "younger" insert "not more than three years"

Page 72, line 17 - before the semi-colon insert "for such policies issued before the effective date of AS 21.45.300(j) of the Standard Nonforfeiture Law, and the Commissioners 1961 Standard Industrial Mortality Table for such policies issued on or after such operative date"

Page 73, lines 5 - 6 - strike "for policies or contracts issued on or after January 1, 1966,"

Page 73, lines 9 - 14 - strike all matter after the semi-colon on line 9 through the semi-colon on line 14

Page 73, line 18 - 19 - strike "for policies issued on or after January 1, 1966,"

Page 73, lines 20 - 25 - strike all matter beginning with the semi-colon on line 20 and ending with the word "be" on line 25

Page 74, line 1 - delete the semi-colon and insert a period

Page 74, line 28 - delete "reserves"

Page 74, line 29 - before "according" insert "(C) Reserves"

Page 75, line 8 - delete "(c)(2)" and insert "(b)(2)"

Page 75, line 11 - change the semi-colon to a period

Page 75, line 16 - delete "(c)(2)" and insert "(b)(2)"

Page 75, line 18 - change the semi-colon to a period

Page 76, line 8 - change the semi-colon to a period

Page 76, lines 21 - 29 through page 78, lines 1 - 9 - delete all of Sec. 21.18.120

Page 78, line 10 - strike ".130" and substitute ".120"

Page 78, line 27 - before "above" insert "or"

Page 79, line 5 - strike ".140" and substitute ".130"

Page 79, line 17 - strike ".150" and substitute ".140"

Page 79, line 24 - change the first "any" to "and"

Page 80, line 12 - strike ".160" and insert ".150"

Page 80, line 14 - change "sec. 150(a)" to "sec. 140(a)"

Page 80, line 20 - delete the comma after "330"

Page 80, line 20 - after "chapter" insert "this chapter"

Page 81, line 14 - delete "it" and insert "is"

Page 83, line 14 - delete "sec. 110 of"

Page 93, line 26 - change "(a)" to "(c)(1)"



Page 99, line 9 - renumber "sec. 21.21.320" to read "sec. 21.21.321"

Page 99, between lines 8 and 9 - insert a new section to read:

Sec. 21.21.320. SEPARATE ACCOUNTS. (a) This section applies only to the establishment or operation of separate investment accounts by domestic life insurers for the funding of qualified pension, retirement or profit-sharing plans. For purposes of this section, the term "qualified pension, retirement or profit-sharing plan" means a plan or agreement which meets the requirements for qualification under secs. 401 or 403 of the United States Internal Revenue Code, as now or thereafter amended, or any corresponding provisions of prior or subsequent United States revenue laws.

(b) Any domestic life insurer may allocate to one or more separate investment accounts, in accordance with the terms of a written agreement, any amounts which are paid to the insurer in connection with a qualified pension, retirement or profit-sharing plan and which are to be invested by the insurer in accordance with the agreement and applied to the purchase of guaranteed income benefits under the insurer's policies or annuity contracts, whether on the individual or group basis, or to provide other guaranteed incidental benefits; provided that at least 25 individuals are covered under the agreement at the time it is entered into.

(c) The income, if any, and gains and losses, realized or unrealized, on each account shall be credited to or charged against the amounts allocated to the account in accordance with the agreement, without regard to the other income, gains or losses of the insurer.

(d) Amounts allocated to separate accounts and accumulations thereon may be invested and reinvested in any class of investments authorized by this chapter as life insurance reserve investments. Common stock investments of amounts allocated to

separate accounts shall not be included in applying the 10 per cent limitations provided in sec. 50(6) of this chapter. No insurer may invest more than \$10,000 or five per cent of any one separate account, whichever is greater, in the stock or shares of any one corporation, mutual fund or investment company.

(e) No insurer shall guarantee the value of amounts allocated to a separate account nor the value of investments of such amounts nor the income thereon without limiting its liability under any such guarantee to the interest of the contract-holder in such investments.

(f) Amounts allocated to a separate account in the exercise of the power granted by this section shall be owned by the insurer, and the insurer shall not be, or hold itself out to be, a trustee with respect to such amounts.

(g) This section shall not apply to amounts contributed by an employee or other participant in a pension, retirement or profit-sharing plan who is entitled to retirement or other incidental benefits under the plan, nor to amounts which have been applied to purchase or provide retirement or other incidental benefits under the policies or contracts of the insurer.

(h) The investments and liabilities of each separate account shall at all times be clearly identifiable and distinguishable on the books of the insurer from the other investments and liabilities of the insurer. No investment in any separate account or in the insurer's general investment account shall be transferred by sale, exchange, substitution or otherwise from one account to another, except with the director's approval.

(i) No insurer shall, in connection with the allocation of investments or expenses, or in any other respect, discriminate unfairly between separate accounts or between a separate account and the insurer's general investment account, but this provision shall not require the insurer to follow uniform investment

policies for its accounts.

(j) Investments made with respect to separate accounts shall be valued for the purpose of any valuation required by this chapter at their market value on the date of valuation, or if there is no readily available market, then in accordance with the terms of the agreement referred to in (b) of this section.

Page 100, lines 21 - 22 - strike all matter in paragraph (3)

Page 100, line 23 - change "(4)" to "(3)"

Page 101, line 7 - 10 - strike all matter in paragraph (3)

Page 101, line 11 - change "(4)" to "(3)"

Page 102, lines 1 - 3 - strike all matter in subsection (c)

Page 102, line 4 - change "(d)" to "(c)"

Page 102, line 13 - strike "city"

Page 102, line 14 - strike "of Juneau"

Page 106, line 19 - strike "(1)"

Page 106, line 23 - after "conveyance" delete the comma and insert a period

Page 106, line 24 through page 107, line 8 - strike all matter from "and" through the period on line 8 of page 107

Page 107, lines 9 - 13 - strike all matter on these lines and insert a new subsection to read:

(c) The director shall return to a foreign insurer any deposit made in this state by such insurer, when (1) such insurer has ceased transacting insurance in this state, or in the United States, and the insurer is not subject to any liability in this state on account of which the deposit was held; (2) such deposit is no longer required by any provision of law; (3) such insurer, during its solvency, has made a similar deposit in another state and has filed with the director the certificate of evidence thereof, under the conditions provided for in AS 21.-09.090(b)(2) or 21.09.090(b)(3). Upon the effectuation of a merger or consolidation of an insurer that has made a deposit in this state, the director shall return such deposit to the resulting or surviving corporation, or to any person it may

designate for that purpose, provided that the resulting or surviving corporation is or becomes authorized to transact an insurance business in this state.

Page 111, line 9 - after "who" insert "at any time"

Page 111, line 16 - after "state" insert "or province"

Page 114, line 10 - strike "company" and insert "insurer"

Page 114, line 15 - after "year" strike "; this appointment must be" and insert "unless"

Page 114, line 16 - strike "company" and insert "insurer"

Page 114, line 22 - before "Revocation" insert "(a)"

Page 115, line 4 - strike "(3)" and insert "(b)"; and capitalize the first word of the sentence

Page 115, line 11 - strike "effected" and insert "affected"

Page 115, line 28 - strike "(a)"

Page 116, lines 8 - 10 - strike all matter on lines 8 - 10

Page 116, line 12 - strike "for" and insert "as"

Page 116, line 18 - strike "other"

Page 116, line 20 - insert a period after "agent"

Page 116, line 21 - strike all of line 21

Page 118, line 12 - strike "\$2,500.00" and insert "\$5,000.00"

Page 118, line 14 - strike "\$2,500,00" and insert "\$5,000.00"

Page 121, line 24 - strike "person competent to serve a summons" and insert "peace officer"

Page 121, line 25 - strike "registered" and insert "certified"

Page 121, line 25 - after "mail" insert "with return receipt requested"

Page 121, line 28 - strike "registered" and insert "certified"

Page 122, line 6 - delete "30" and insert "45"

Page 123, lines 2 - 6 - strike all matter in Sec. 21.27.310 and insert:

Sec. 21.27.310. TRAINEE ADJUSTERS. (a) An individual who does not have the experience or special education with reference to the handling of loss claims required under sec. 290(3) of this chapter may be employed as a trainee adjuster, subject to the provisions of this section.

(b) A licensed adjuster employing a trainee adjuster shall

immediately inform the division of insurance by certified mail, with return receipt requested, of the employment by him of a trainee adjuster, giving the exact date of employment and enclosing with his correspondence the adjuster's license application form of the trainee adjuster, properly completed.

(c) A trainee adjuster may take the adjuster's license examination after six months from the date of receipt of his application by the division of insurance.

(d) A trainee adjuster shall at all times be under the supervision of a licensed adjuster, and all adjusting transactions shall be in the name of the licensed adjuster, who shall be responsible for the actions of the trainee adjuster.

(e) A trainee adjuster shall be restricted to participation in factual investigation and tentative closing of losses subject to review and final determination by the licensed adjuster.

(f) Compensation of a trainee adjuster shall be on a salary basis only.

Page 123, line 18 - after "insurances" insert "or annuities"

Page 124, line 2 - after "insurances" insert "or annuities"

Page 126, line 12 - strike "12:01 a.m. o'clock" and insert "midnight"

Page 126, line 15 - strike "12:01 a.m. o'clock" and insert "midnight"

Page 126, line 18 - strike "12:01 a.m. o'clock" and insert "midnight"

Page 128, line 4 - change the period to a semi-colon

Page 128, between lines 4 & 5 - insert the following:

(4) to the designee of a licensed agent entering upon active service in the armed forces of the United States.

Page 131, lines 17 - 24 - strike all of sec. 21.27.450

Page 131, line 25 - strike "460" and insert "450"

Page 132, line 5 - strike "470" and insert "460"

Page 132, line 19 - strike "480" and insert "470"

Page 132, line 20 - after "insurance" insert "or annuities"

Page 132, line 23 - after "insurance" insert "or annuities"



Page 132, line 25 - strike "490" and insert "480"

Page 133, line 3 - strike "500" and insert "490"

Page 133, line 12 - strike "510" and insert "500"

Page 133, line 16 - strike "520" and insert "510"

Page 133, lines 19 & 20 - strike "or reports to his principal relative to" and insert "and adjusts"

Page 133, line 21 - strike "solely" and "either" and "or the insured"

Page 133, line 29 - strike "530" and insert "520"

Page 134, line 1 - strike "480" and insert "470"; strike "520" and insert "510"

Page 134, beginning with line 15, through page 159, line 28 - delete all matter on these pages and insert the following:

Sec. 21.33.010. UNAUTHORIZED INSURERS (UNADMITTED COMPANIES). (a) Except as otherwise provided, an insurer not authorized by the department may not solicit insurance business in the state or transact insurance business in the state.

(b) Except as otherwise provided, no person in the state may represent an unauthorized insurer. This subsection does not apply to an adjuster or attorney at law representing an insurer from time to time in the state.

(c) Each violation of this section is a separate offense punishable by a fine of not less than \$50 nor more than \$1,000.

Sec. 21.33.020. UNAUTHORIZED INSURERS PROCESS ACT - TITLE - INTERPRETATION. (a) Secs. 20 - 70 of this chapter may be cited as the Unauthorized Insurers Process Act.

(b) Such Act shall be so interpreted as to effectuate its general purpose to make uniform the law of those state which enact it.

Sec. 21.33.030. DIRECTOR PROCESS AGENT. Delivery, effectuation, or solicitation of any insurance contract, by mail or otherwise, within this state by an unauthorized insurer, or the performance within this state of any other service or transaction connected with such insurance by or on behalf of such insurer, shall be deemed to constitute an appointment by such

insurer of the director and his successors in office and its attorney, upon whom may be served all lawful process issued within this state in any action or proceeding against such insurer arising out of any such contract or transaction; and shall be deemed to signify the insurer's agreement that any such service of process shall have the same legal effect and validity as personal service of process upon it in this state.

Sec. 21.33.040. SERVICE OF PROCESS. (a) Service of process upon any such insurer pursuant to sec. 30 of this chapter shall be made by delivering to and leaving with the director or some person in apparent charge of his office two copies thereof and the payment to him of such fees as may be prescribed by law. The director shall forthwith mail by registered mail one of the copies of such process to the defendant at its principal place of business last known to the director, and shall keep a record of all process so served upon him. Such service of process is sufficient, provided notice of such service and a copy of the process are sent within 10 days thereafter by registered mail by plaintiff's attorney to the defendant at its last known principal place of business, and the defendant's receipt or receipt issued by the post office with which the letter is registered, showing the name of the sender of the letter and the name and address of the person to whom the letter is addressed, and the affidavit of the plaintiff's attorney showing a compliance herewith are filed with the clerk of the court in which such action is pending on or before the date the defendant is required to appear, or within such further time as the court may allow.

(b) Service of process in any such action, suit or proceeding shall in addition to the manner provided in (a) of this section be valid if served upon any person within this state, who in this state on behalf of such insurer is (1) soliciting insurance, (2) making any contract of insurance or issuing or

delivering any policies or written contracts of insurance, or (3) collecting or receiving any premium for insurance; and a copy of such process is sent within 10 days thereafter by registered mail by the plaintiff's attorney to the defendant at the last known principal place of business of the defendant, and the defendant's receipt, or the receipt issued by the post office with which the letter is registered, showing the name of the sender of the letter and the name and address of the person to whom the letter is addressed, and the affidavit of the plaintiff's attorney showing a compliance herewith are filed with the clerk of the court in which such action is pending on or before the date the defendant is required to appear, or within such further time as the court may allow.

(c) No plaintiff or complainant shall be entitled to a judgment by default under this section until the expiration of 45 days from the date of the filing of the affidavit of compliance.

(d) Nothing in this section contained shall limit or abridge the right to serve any process, notice or demand upon any insurer in any other manner now or hereafter permitted by law.

Sec. 21.33.050. EXEMPTIONS FROM SERVICE OR PROCESS PROVISIONS. Secs. 20, 30, and 40 of this chapter shall not apply to reinsurance, or to any action or proceeding against an unauthorized insurer arising out of (1) surplus line insurance lawfully effectuated under this chapter; (2) wet marine and transportation insurance; (3) insurance on or with respect to subjects located, resident, or to be performed wholly outside this state, or on or with respect to vehicles or aircraft owned and principally garaged outside this state; (4) insurance on property or operations of railroads or airlines engaged in interstate commerce; or (5) insurance on aircraft or cargo of such aircraft, or against liability, other than employer's

liability, arising out of the ownership, maintenance, or use of such aircraft; where the policy or contract contains a provision designating the director as its attorney for the acceptance of service of lawful process in any action or proceeding instituted by or on behalf of an insured or beneficiary arising out of any such policy, or where the insurer enters a general appearance in any such action.

Sec. 21.33.060. DEFENSE OF ACTION BY UNAUTHORIZED INSURER.

(a) Before an unauthorized insurer shall file or cause to be filed any pleading in any action or proceeding instituted against it under secs. 30 and 40 of this chapter, such insurer shall (1) procure a certificate of authority to transact insurance in this state, or (2) deposit with the clerk of the court in which such action or proceeding is pending cash or securities or file with such clerk a bond with good and sufficient sureties, to be approved by the court, in an amount to be fixed by the court sufficient to secure the payment of any final judgment which may be rendered in such action. The court may in its discretion make an order dispensing with such deposit or bond where the insurer makes a showing satisfactory to the court that it maintains in a state of the United States funds or securities, in trust or otherwise, sufficient and available to satisfy any final judgment which may be entered in such action or proceedings, and that the insurer will pay any final judgment entered therein without requiring suit to be brought on such judgment in the state where such funds or securities are located.

(b) The court in any action or proceeding in which service is made in the manner provided in sec. 40 of this chapter may, in its discretion, order such postponement as may be necessary to afford the defendant reasonable opportunity to comply with (a) of this section, and to defend such action.

(c) Nothing in (a) of this section is to be construed to prevent an unauthorized insurer from filing a motion to quash

or to set aside the service of any process made in the manner provided in sec. 30 or 40 of this chapter on the ground either

(1) that such unauthorized insurer has not done any of the acts enumerated in sec. 30 of this chapter,

(2) that the person on whom service was made under sec. 40(b) of this chapter was not doing any of the acts therein enumerated.

Sec. 21.33.070. ATTORNEY FEES. In any action against an unauthorized insurer under this unauthorized insurers service of process act , if the insurer has failed for 30 days after demand before the commencement of the action to make payment in accordance with the terms of the insurance contract, and it appears to the court that such refusal was vexatious and without reasonable cause, the court may allow to the plaintiff a reasonable attorney's fee and include such fee in any judgment that may be rendered in such action. Failure of an insurer to defend any such action shall be deemed prima facie evidence that its failure to make payment was vexatious and without reasonable cause.

Sec. 21.33.080. SURPLUS LINE INSURANCE LAW - TITLE. Secs. 80 - 330 of this chapter may be cited as the Surplus Line Insurance Law.

Sec. 21.33.090. SURPLUS LINE INSURANCE IN UNAUTHORIZED INSURERS. An insurance coverage, other than workmen's compensation insurance placed under sec. 100 of this chapter may be procured from an unauthorized insurer if

(1) the insurance is procured through a licensed surplus line broker;

(2) the insurance cannot be obtained after diligent effort to obtain it from a majority of the insurers in the office of the agent or broker in the state authorized to transact the class of insurance sought;

(3) placing the insurance with an unauthorized insurer is not for the purpose of obtaining a lower premium rate



than would be accepted by an authorized insurer; and

(4) the surplus line broker files an affidavit with the department within 30 days after obtaining insurance setting out the facts in (2) and (3) of this section.

Sec. 21.33.100. WORKMEN'S COMPENSATION INSURANCE. Workmen's compensation insurance may be placed in and written by an unauthorized insurer if

(1) the department considers it in the best interest of the public and issues a directive to that effect,

(2) the insurance is placed through a surplus line broker licensed in the state,

(3) the surplus line broker makes the reports and pays the taxes in the same manner, at the same time, and at the same rates as apply to other surplus line coverages,

(4) the department finds that the financial condition and responsibility of the unadmitted insurer is reasonably satisfactory, assuring adequate protection to the public.

Sec. 21.33.110. WORKMEN'S COMPENSATION RATES WHEN PLACED WITH UNAUTHORIZED INSURERS. (a) The rates of the workmen's compensation insurance placed and written under sec. 100 of this chapter are subject to the provisions of ch. 39 of this title.

(b) Workmen's compensation insurance which is placed or written with an unauthorized insurer and the activities of the surplus line broker with respect to the insurance are subject to the applicable provisions of this title.

Sec. 21.33.120. ENDORSEMENT OF CONTRACT UNDER SURPLUS LINE COVERAGE. Each insurance contract under a surplus line coverage shall have stamped upon it the following: "This contract is registered as a surplus line coverage under the insurance law of Alaska". The contract shall also be initialled by or bear the name of the surplus line broker who procured it.

Sec. 21.33.130. SURPLUS LINE INSURANCE VALID. An insur-

ance contract procured as surplus line coverage from an unauthorized insurer in conformity with this chapter is valid and enforceable as to all parties, and shall be recognized the same as contracts issued by an authorized insurer.

Sec. 21.33.140. LICENSE AS SURPLUS LINE BROKER. The department may license a person as a surplus line broker if it considers him competent, trustworthy and qualified. An applicant need not be a resident of the state.

Sec. 21.33.150. PROCEDURE AND DURATION OF LICENSE. (a) An applicant for a license as a surplus line broker shall apply to the department on forms furnished by it.

(b) The license year dates from the time of issuance of the license.

Sec. 21.33.160. FILING SURETY BOND AS A CONDITION TO LICENSE. Before receiving a license the applicant shall file a surety bond in favor of the state in the penal sum of \$5,000 with the department. The bond shall be issued by an authorized corporate surety approved by the department. The bond shall be conditioned on the conduct of business under the license in conformity with the provisions of this title, and the payment of all taxes required to be paid by this title. The applicant shall keep the bond in effect during the period of the license. The licensee may terminate the bond by giving at least 30 days' written notice to the department.

Sec. 21.33.170. SURPLUS LINE BROKER MAY ACCEPT BUSINESS FROM AGENTS. A licensed surplus line broker may accept and place surplus line business for an insurance agent or broker licensed in the state for the class of insurance involved, and may compensate the agent or broker therefor.

Sec. 21.33.180. SURPLUS LINES IN SOLVENT INSURERS. (a) A surplus line broker may not knowingly place surplus line insurance with a financially unsound insurer. The broker shall ascertain the financial condition of the unauthorized insurer

before placing insurance with him. The broker may not insure with a stock or mutual insurer having capital and surplus or the equivalent of capital and surplus less than that required to qualify as a domestic company.

(b) A surplus line broker who violates (a) of this section is punishable by a fine of not less than \$50 nor more than \$250 for each offense. The department shall revoke his license and may not license him as a surplus line broker for a period of two years thereafter.

Sec. 21.33.190. VALIDITY OF CONTRACTS ILLEGALLY EFFECTUATED. A contract of insurance effectuated by an unauthorized insurer in violation of this title is voidable except at the instance of the insurer.

Sec. 21.33.200. RECORDS OF SURPLUS LINE BROKER. (a) Each licensed surplus line broker shall keep in his office a full and true record of each surplus line contract procured by him including a copy of the daily report, if any, showing such of the following items as may be applicable:

- (1) amount of insurance,
- (2) gross premiums charged,
- (3) return premium paid, if any,
- (4) rate of premium charged upon the items of property,
- (5) effective date of the contract and its terms,
- (6) name and address of the insurer,
- (7) name and address of the insured,
- (8) brief general description of property insured and its location,
- (9) other information which the department may require.

(b) The record shall be open at all times to examination by the department.

Sec. 21.33.210. ANNUAL STATEMENT AND TAX ON SURPLUS LINES. Each resident or nonresident surplus line broker shall, before March 2 in each year, file with the department a verified state-

ment showing the amount of business transacted by him during the year ending the preceding December 31. The department shall prescribe and furnish the form of statement. The statement shall show the gross amount of each class of insurance, the gross premiums charged, the aggregate amount of return premiums paid to the insured, the amount of the net premiums, the amounts actually paid to or on behalf of policyholders on losses, and such information as the department requires.

Sec. 21.33.220. FEE FOR FILING STATEMENT. The fee for filing the statement under sec. 210 of this chapter is an amount equal to one-half of one per cent on all premiums collected during the preceding calendar year as shown on the statement, after deducting the amount paid to policyholders as return premiums, or \$50, whichever is greater. The broker shall pay the fee at the time he files the statement. The department shall deposit all fees in the general fund of the state.

Sec. 21.33.230. PREMIUM TAX. At the same time the surplus line broker files the statement under sec. 210 of this chapter, he shall pay the premium tax at the same rate and computed in the same manner as provided in AS 21.09.210, except amounts collected for applicable state and federal taxes from insured shall not be deemed to be a part of the premium for such computation.

Sec. 21.33.240. PREMIUM TAX PAYABLE ONLY ON RISKS IN THE STATE. If a surplus line policy covers a risk or exposure only partially in the state the tax payable under sec. 230 of this chapter shall be computed upon the proportion of the premium which is properly allocable to the risk or exposure located in the state.

Sec. 21.33.250. PENALTY FOR FAILURE TO FILE STATEMENT OR REMIT TAX. A surplus line broker who fails to file the annual statement or pay the premium tax before April 1 in the year due is liable to a fine of \$25 for each day of delinquency beginning on April 1. The tax may be collected by distraint, or the tax

and fine may be recovered by an action by the department in a court. The department shall deposit the proceeds of all fines collected in the general fund.

Sec. 21.33.260. MANDATORY REVOCATION OF LICENSE. The department shall revoke the license of a surplus line broker

(1) if the broker fails to file the annual statement or pay the premium tax,

(2) for any of the causes for which a general broker's license may be revoked.

Sec. 21.33.270. DISCRETIONARY SUSPENSION OR REVOCATION. The department may suspend or revoke the license of a surplus line broker if it considers that suspension or revocation is for the best interests of the people of the state.

Sec. 21.33.280. PROCEDURE FOR SUSPENSION AND REVOCATION. The procedure for the suspension or revocation of the license of a general broker applies to suspension or revocation of the license of a surplus line broker.

Sec. 21.33.290. ISSUANCE OF LICENSE AFTER REVOCATION OR SUSPENSION. The department may not issue a license to a surplus line broker whose license has been suspended or revoked less than one year before the application or until the fines and delinquent taxes are paid.

Sec. 21.33.300. LEGAL PROCESS AGAINST SURPLUS LINE INSURER. (a) Service of legal process upon an unauthorized insurer may be made in an action arising under a surplus line contract issued by the insurer by service upon the department. The department shall immediately mail the process, or a copy of it, to the person designated by the insurer in the policy for this purpose by prepaid registered mail with return receipt requested. When the department has been served as provided in this section, the court is considered to have jurisdiction in personam of the insurer.

(b) By issuing a policy under a surplus line contract, an



unauthorized insurer authorizes service of process against it in the manner and to the effect as provided in this section. The policy shall contain a provision stating the substance of this section, and shall designate the person to whom the department shall mail process.

Page 159, line 29 - change "300" to "310"

Page 160, line 17 - change "310" to "320"

Page 160, lines 27 - 29 - delete all matter on lines 27 - 29 and insert the following:

Sec. 21.33.330. SURPLUS LINE BROKER DEFINED. A "surplus line broker" is an individual licensed to transact business in the state or on risks in the state for an unadmitted insurer.

Page 165, line 26 through page 166, line 5 - strike all matter in (4) and (5) and insert the following:

(4) issuance of life or disability insurance policies or annuity contracts at rates less than the usual rates of premiums for such policies or contracts, or modification of premium or rate based on amount of insurance; but the issuance or modification shall not result in reduction in premium or rate in excess of savings in administration and issuance expenses reasonably attributable to such policies or contracts.

Page 169, line 13 - strike "in this title"

Page 169, lines 15 - 17 - strike all matter in sec. 21.36.160 and insert the following:

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

Page 170, lines 13 - 29 through page 171, line 3 - delete all of sec. 21.36.180 and renumber remaining sections accordingly

Page 173, lines 5 - 9 - delete all matter beginning with "shall" on line 5 through "court" on line 9 and insert "is punishable by imprisonment for not less than three months or more than six months, or by a fine of not less than \$250 nor more than \$500, or by both"

Page 174, line 24 - before "profit" insert "underwriting"

Page 184, line 12 - before "deviation" insert "uniform percentage"

Page 193, line 2 - after "court" strike "in Juneau"

Page 193, line 18 - strike "ocean marine and foreign trade insurances" and insert "wet marine and transportation insurance"

Page 196, line 13 - delete "15" and insert "19"

Page 198, line 6 - strike "APPLICATION AS EVIDENCE --"

Page 198, lines 7 - 13 - after the period strike all matter through line 13

Page 198, line 14 - change "(b)" to "(a)"

Page 198, lines 21 - 25 - strike the sentence beginning with "If" on line 21 and ending on line 25

Page 199, lines 2 - 9 - strike all material on lines 2 - 9

Page 199, line 10 - change "(d)" to "(c)"

Page 200, line 14 - change "an" to "and"

Page 200, line 20 - strike "ocean marine and foreign trade" and insert "wet marine and transportation"

Page 203, line 16 - strike "plainly"

Page 208, line 29 - change the comma to a period; capitalize "the" following the period; delete "in the"

Page 209, line 1 - strike "policy or contract or by such assignment" and insert "pursuant to the policy"

Page 213, line 13 - strike "\$250.00" and insert "\$450.00"

Page 213, line 15 - strike "\$350.00" and insert "\$450.00"

Page 213, line 20 - strike "\$350.00" and insert "\$450.00"

Page 214, lines 6 - 13 - strike all matter on lines 6 - 13

Page 214, line 29 - after "insurance" insert a comma; after "group" delete the comma

Page 216, line 11 - after "premium" insert "or benefit"

Page 218, line 25 - after "showing" insert "in"

Page 218, line 27 - change "section" to "chapter"

Page 226 - line 13 - before "specified" insert "either"; and after "policy" insert "or filed with the director"

Page 231, line 23 - after "additions" insert a comma

Page 234, line 9 - after "life" insert "of"

Page 234, line 28, through page 236, line 23 - strike all matter on these lines and insert the following:

(i) All adjusted premiums and present values referred to in this section shall for all policies of ordinary insurance be calculated on the basis of the Commissioners 1958 Standard Ordinary Mortality Table, provided that for any category of ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age not more than three years younger than the actual age of the insured. Except as otherwise provided in (j) of this section, such calculations for all policies of industrial insurance shall be made on the basis of the 1941 Standard Industrial Mortality Table. All calculations shall be made on the basis of the rate of interest, not exceeding three and one-half per cent per annum, specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits, provided, however, that in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed in the case of policies of ordinary insurance, may be not more than those shown in the Commissioners 1958 Extended Term Insurance Table, and in the case of policies of industrial insurance, may be not more than 130 per cent of the rates of mortality according to the 1941 Standard Industrial Mortality Table, provided further that for insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the insurer and approved by the director.

(j) In the case of industrial policies issued on or after the operative date of this subsection as defined in (k) of this section, all adjusted premiums and present values referred to in this section shall be calculated on the basis of the Commissioners 1961 Standard Industrial Mortality Table and the rate of interest, not exceeding three and one-half per cent per annum,

specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits. Provided, however, that in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than those shown in the Commissioners 1961 Industrial Extended Term Insurance Table. Provided, further, that for insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the insurer and approved by the director.

(k) On or after the operative date of this section, any insurer may file with the director a written notice of its election to comply with (j) of this section after a specified date before January 1, 1968. After the filing of such notice, then upon such specified date (which shall be the operative date in (j) of this section for such insurer), (j) of this section shall become operative with respect to the industrial policies thereafter issued by such insurer. If an insurer makes no such election, the operative date of (j) of this section for such insurer shall be January 1, 1968

Page 237, line 8 - before the comma insert "and premiums for all such additional benefits"

Page 237, lines 27 & 28 - after "benefits" on line 27 delete ", and premiums for all such additional benefits"

Page 238, line 20 - strike "have"

Page 238, line 26, through page 239, line 14 - strike all of sec. 21.45.310

Page 239, line 15 - strike "320" and insert "310"

Page 240, line 5 - strike "330" and insert "320"

Page 241, line 23 - change "service" to "services"

Page 243, line 27 - after "employers" insert "in the same industry, or in related industries"

Page 245, line 22 - strike "600" and insert "200"

Page 247, line 21 - after the period add "A policy issued to insure the employees of a public body may provide that the term 'employees' shall include elected or appointed officials."

Page 248, line 14 - change "indentifiable" to "identifiable"

Page 249, line 5 - change "in" to "on"

Page 249, line 7 - change "there" to "where"

Page 255, line 19 - after "insurance" insert "policy"

Page 257, line 5 - after "under" insert "the same or"

Page 258, line 2 - change "person'f" to "person's"

Page 259, line 25 - change "AS 21.09.030" to "AS 21.90.020"

Page 278, line 1 - after "policies" at the end of the line insert a comma

Page 280, line 5 - strike "subject to any right of cancellation"

Page 280, lines 14 - 29 through page 281, lines 1 - 3 - strike all of sec. 21.51.330

Page 281, line 4 - strike "340" and insert "330"

Page 281, lines 27 - 28 - strike "or partners if the employer is an individual proprietor"

Page 281, line 29 - strike "350" and insert "340"

Page 282, line 19 - strike "statement" and insert "certificate"

Page 283, lines 15 - 21 - strike all matter on these lines and insert the following:

(1) a provision that the policy, including endorsements and a copy of the application, if any, of the policyholder and the persons insured shall constitute the entire contract between the parties, and that any statement made by the policyholder or by a person insured shall in absence of fraud, be deemed a representation and not a warranty, and that no such statements shall be used in defense to a claim under the policy, unless contained in a written application; such person, his beneficiary, or assignee, shall have the right to make written request to the insurer for a copy of such application and the insurer shall, within 15 days after the receipt of such request at its home office or any branch office of the insurer, deliver or mail to the person making such request a copy of such application;

Page 284, line 11 - strike "30" and insert "90"

Page 285, line 10 - after "no" insert "civil"; and delete "aw law or in equity"



Page 285, line 26 - strike "mental incompetent" and insert "otherwise not competent to give a valid release"

Page 286, line 5 - before the comma insert "an unless the insured requests otherwise in writing not later than the time for filing proofs of such loss"

Page 288, lines 25 - 29 through page 290, line 2 - strike all matter on these lines and substitute the following:

(1) under a policy or contract issued to any common carrier or to any operator, owner or lessee of a means of transportation, who or which shall be deemed the policyholder, covering a group of persons who may become passengers defined by reference to their travel status on such common carrier or such means of transportation;

(2) under a policy or contract issued to an employer, who shall be deemed the policyholder, covering any group of employees, dependents or guests, defined by reference to specified hazards incident to an activity or activities or operations of the policyholder;

(3) under a policy or contract issued to a college, school or other institution of learning, a school district or districts, or school jurisdictional unit, or to the head, principal or governing board of any such educational unit, who or which shall be deemed the policyholder covering students, teachers or employees;

(4) under a policy or contract issued to any religious, charitable, recreational, educational, or civic organization, or branch thereof, which shall be deemed the policyholder, covering any group of members or participants defined by reference to specified hazards incident to an activity or activities or operations sponsored or supervised by such policyholder;

(5) under a policy or contract issued to a sports team, camp or sponsor thereof, which shall be deemed the policyholder, covering members, campers, employees, officials or supervisors;

(6) under a policy or contract issued to any volunteer

fire department, first aid, civil defense, or other such volunteer organization, which shall be deemed the policyholder, covering any group of members or participants defined by reference to specified hazards incident to an activity or activities or operations sponsored or supervised by such policyholder;

(7) under a policy or contract issued to a newspaper or other publisher, which shall be deemed the policyholder, covering its carriers;

(8) under a policy or contract issued to an association, including a labor union, which shall have a constitution and bylaws and which has been organized and is maintained in good faith for purposes other than that of obtaining insurance, which shall be deemed the policyholder, covering any group of members or participants defined by reference to specified hazards incident to an activity or activities or operations sponsored or supervised by such policyholder;

(9) under a policy or contract issued to cover any other risk or class of risks which, in the discretion of the director, may be properly eligible for blanket accident and sickness insurance. The discretion of the director may be exercised on an individual risk basis or class of risks, or both.

Page 290, line 11 - strike "sold"

Page 290, line 13 - strike "sold"

Page 290, line 14 - strike "more than"; and after "years" add "or more"

Page 290, line 15 - before the period insert "; nor shall insurance be subject to the provisions of this chapter where the issuance of such insurance is an isolated transaction on the part of the insurer not related to an agreement or a plan for insuring debtor of the creditor"

Page 291, line 3 - 19 - strike all matter on lines 3 - 9 and insert the following:

(a) Credit life insurance. The initial amount of credit life insurance shall not exceed the total amount repayable under the contract of indebtedness and, where an indebtedness is repayable in substantially equal installments, the amount of insurance shall at no time exceed the scheduled or actual amount

of unpaid indebtedness, whichever is greater; except that agricultural loans not exceeding one year may be written up to the amount of the loan commitment on a nondecreasing or level term plan.

(b) Credit disability insurance. The total amount of periodic indemnity payable by credit accident and health insurance in the event of disability, as defined in the policy, shall not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness; and the amount of each periodic indemnity payment shall not exceed the original indebtedness divided by the number of periodic installments.

Page 291, line 28 - after the period insert "Where evidence of insurability is required and such evidence is furnished more than 30 days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in such event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance."

Page 292, line 11 - strike "sold"

Page 292, line 23 - before "coverages" insert "amount, term and"

Page 293, line 20 - after "Upon" delete "approval of the application,"

Page 293, line 21 - before "acceptance" delete "if any, or"; and after "insurance" insert "by the insurer"

Page 293, lines 26 - 27 - strike "of the date the indebtedness is incurred" and insert "provided in sec. 50 of this chapter"

Page 293, between lines 27 & 28 - insert a new subsec. to read:

(c) If the insurer named in either the application or notice of proposed insurance does not accept the risk, then and in such event the debtor shall receive a policy or certificate of insurance setting forth the name and home office address of the substituted insurer and the amount of the premium to be charged, and if the amount of premium is less than that set forth in the notice of proposed insurance an appropriate refund shall be made.

Page 294, line 1 - strike "binders"

Page 294, line 2 - after "riders" insert "delivered or issued for delivery in this state and the schedules of premium rates pertaining thereto"

Page 294, line 3 - delete "of the state in which the policy is issued"

Page 294, line 4 - strike "may" and insert "shall"

Page 294, line 5 - strike "all" and insert "any such"

Page 294, line 6 - strike "binders"

Page 294, line 15 - strike "does not comply with this section" and insert "is disapproved"

Page 294, line 26 - delete "of"

Page 294, line 27 - delete "such"; and before the period insert "under (b) of this section. The written notice of the hearing shall state the reason for the proposed withdrawal"

Page 295, between lines 1 & 2 insert a new subsection to read:

(f) If a group policy of credit life insurance or credit disability insurance (1) has been delivered in this state before the effective date of this title, or (2) has been or is delivered in another state before or after the effective date of this title, the insurer shall be required to file only the group certificate and notice of proposed insurance delivered or issued for delivery in this state as specified in secs. 60(b) and 70(b) of this chapter and such forms shall be approved by the director if they conform with the requirements specified in said subsections and if the schedules of premium rates applicable to the insurance evidenced by such certificate or notice are not in excess of the insurer's schedules of premium rates filed with the director; provided, however, the premium rate in effect on existing group policies may be continued until the first policy anniversary date following the date this title becomes effective.

Page 295, line 2 - strike "(f)" and insert "(g)"

Page 295, lines 5 - 8 - strike "Each insurer issuing credit life insurance or credit disability insurance shall file with the director its schedules of premium rates for use in connection with such insurance."

Page 295, line 9 - strike "revise such schedules from time to time, and shall file such" and insert "revise its schedules of premium rates from time to time, and file such"

Page 295, lines 14 - 17 - delete sentence beginning with "The" and ending with "chapter."

Page 295, line 18 - strike the comma and insert "or"

Page 295, lines 18 - 20 - strike "or notice of proposed insurance of credit life insurance and credit disability insurance"

Page 295, line 22 - strike "premium due" and insert "an amount paid by the debtor for insurance"

Page 295, line 27 - after "with" insert "and approved by"

Page 295, line 29 - strike "in connection with" and insert "for"

Page 296, between lines 4 & 5 insert a new subsection to read:

(d) The amount charged to a debtor for any credit life or credit disability insurance shall not exceed the premium charged by the insurer, as computed at the time the charge to the debtor is determined.

Page 298, line 23 - before the semi-colon insert "and an affiliate, associate or subsidiary of any of them or any director, officer or employee of any of them or any other person in any way associated with any of them"

Page 305, line 3 - before "judgment" insert "civil"

Page 311, line 10 - delete "one" and insert "three"

Page 348, line 12 - strike "while" and insert "when"

Page 358, line 24 - after "thereon" insert "in person or by proxy"

Page 362, between lines 27 & 28 - insert new sections to read:

Sec. 21.69.650. NATIONAL EMERGENCY PROVISIONS. The legislature declares that it is desirable for the general welfare and in particular for the welfare of insurance beneficiaries, policyholders, injured claimants and others that the business of domestic insurers be continued notwithstanding the event of a national emergency. The specific purpose of secs. 650 - 690 of this chapter is to facilitate the continued operation of domestic insurers in the event that a national emergency is caused by an attack on the United States or by a nuclear, atomic or other disaster which makes it impossible or impracticable for an insurer to conduct its business in strict accord with applicable provisions of law, its bylaws, or its charter.

Sec. 21.69.660. ADOPTION OF EMERGENCY BYLAWS. The board of directors of any domestic insurer may at any time adopt emergency bylaws, subject to repeal or change by action of those having power to adopt regular bylaws for the insurer, which shall be operative during such a national emergency and which



may, notwithstanding any different provisions of the regular bylaws, or of the applicable statutes, or of the insurer's charter, make any provision that may be reasonably necessary for the operation of the insurer during the period of such emergency.

Sec. 21.69.670. PROVISIONS IN LIEU OF ADOPTED EMERGENCY BYLAWS. In the event that the board of directors of a domestic insurer has not adopted emergency bylaws, the following provisions shall become effective upon the occurrence of such a national emergency:

(1) Three directors constitute a quorum for the transaction of business at all meetings of the board.

(2) Any vacancy in the board may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director.

(3) If there are no surviving directors, but at least three vice presidents of the insurer survive, the three vice presidents with the longest term of service shall be the directors and shall possess all of the powers of the previous board of directors and such powers as are granted herein or by subsequently enacted legislation. By majority vote such emergency board of directors may elect other directors. If there are not at least three surviving vice presidents, the director of insurance or duly designated person exercising the powers of director of insurance shall appoint three persons as directors who shall possess all of the powers of the previous board of directors and such powers as are granted herein or by subsequently enacted legislation, and these persons by majority vote may elect other directors.

Sec. 21.69.680. SUCCESSION OF CORPORATE OFFICERS DURING NATIONAL EMERGENCY. At any time the board of directors of a domestic insurer may, by resolution, provide that in the event of such a national emergency and in the event of the death or

incapacity of the president, the secretary or the treasurer of the insurer such officers, or any of them, shall be succeeded in the office by the person named or described in a succession list adopted by the board of directors. Such list may be on the basis of named persons or position titles, shall establish the order of priority and may prescribe the conditions under which the powers of the office shall be exercised.

Sec. 21.69.690. RELOCATION OF HOME OFFICE DURING NATIONAL EMERGENCY. At any time the board of directors of a domestic insurer may, by resolution, provide that in the event of such a national emergency the home office or principal place of business of the insurer shall be at such location as is named or described in the resolution. Such resolution may provide for alternate locations and establish an order of preference.

Page 362, line 28 - strike "21.69.650" and insert "21.69.700"

Page 363, line 2 - strike "21.69.660" and insert "21.69.710"

Page 363, line 18 - before the period insert ", after the effective date of this title"

Page 363, line 21 - before the period insert ", after the effective date of this title"

Page 372, line 18 - delete matter on line 18 and insert the following:  
ing", or "association";

Page 378, line 10 - delete "and filed"

Page 378, line 11 - before the period insert ", and filed with the director, as provided in AS 21.09.200"

Page 409, line 26 - after "title" insert ", when insurer has a non-revoked authority to issue nonassessable policies"

Page 414, line 7 - before the period insert "except that in the case of Canadian life insurers, the deposit shall consist of cash and/or securities of a quality substantially as high as that required for the investment of funds of domestic insurers under ch. 21 of this title"

Page 419, line 10 - before the comma insert " insuring only their own members and their families"

Page 424, line 4 - after "than" insert "\$5,000.00 nor more than"

Page 431, line 13 - before the period insert "; unless such additional benefits are issued pursuant to an existing contract under the terms of which such member is entitled to purchase such additional benefits without furnishing evidence of insurability"

- Page 433, line 20 - strike "1941" and insert "1958"
- Page 434, line 1 - strike "surrendered" and insert "surrender"
- Page 434, line 16 - before "1941" insert "Commissioner's"; and before the comma insert "or the Commissioner's 1958 Standard Ordinary Mortality Table"
- Page 437, line 29 - after "premium" insert "and"
- Page 439, line 29 - after "age" insert "or sex"
- Page 440, line 3 - strike the entire line and insert "purchased at the correct age and sex; but if the correct age or sex was not"
- Page 440, line 4 - after "age" insert "or sex"
- Page 440, line 8 - after "age" insert "or sex"
- Page 447, line 23 - strike "Table of Mortality" and insert "Mortality Table or the Commissioner's 1958 Standard Ordinary Mortality Table, using actual age of the insured for male risks and an age not more than three years younger than the actual age of the insured for female risks"
- Page 447, lines 24 - 27 - strike all matter on these lines and insert the following:

(2) for annuity and pure endowment certificates, excluding any disability and accidental death benefits in such certificates - the 1937 Standard Annuity Mortality Table or the Annuity Mortality Table for 1949, ultimate, or any modification of either of these tables approved by the director;

- Page 447, lines 28 - 29 through page 448, lines 1 - 13 - strike all matter on these lines and substitute the following:

(3) for total and permanent disability benefits in or supplementary to life insurance certificates - Hunter's Disability Table, or the Class III Disability Table (1925) modified to conform to the contractual waiting period, or the tables of Period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 Disability Study of the Society of Actuaries with due regard to the type of benefit; any such table shall, for active lives be combined with a mortality table permitted for calculating the reserves for life insurance certificates;

(4) for accidental death benefits in or supplementary to life insurance certificate - the Inter-Company Double In-

demnity Mortality Table or the 1959 Accidental Death Benefits Table; either table shall be combined with a mortality table permitted for calculating the reserves for life insurance certificates; and"

Page 449, line 12 - strike "section" and insert "chapter"

Page 458, lines 20 - 23 - strike the sentence beginning with "No" on line 20 and ending with "society." on line 23

Page 463, line 28 - strike "20(b) and insert "20(a)(2)"

Page 466, line 21 - change "of" to "or"

Page 486, line 20 - strike "at the same rate and in accordance"

Page 486, line 21 - strike "with the provisions of" and insert "as provided in"

Page 491, between lines 19 & 20 - insert the following new section:

Sec. 21.87.350. EXISTING CERTIFICATES OF AUTHORITY. A health care service contractor registered to do business in this state on July 1, 1964, is entitled to be registered under this chapter, whether or not it meets the requirements of this chapter.

Page 491, line 25 - change "of" to "or"

Page 491, lines 27 - 29 through page 492, lines 1 - 2 - strike all of sec. 21.90.020

Page 492, line 3 - strike "030" and insert "020"

Page 492, line 11 - strike "040" and insert "030"

Page 492, line 15 - strike "050" and insert "040"

Page 492, line 17 - before the period insert "or of annuity"

Page 492, line 18 - strike "060" and insert "050"

Page 492, line 20 - strike "Lloyd's society" and insert "Lloyds, society"

Page 492, line 23 - strike "070" and insert "060"

Page 492, line 23 - strike "DEPARTMENT" and insert "DIRECTOR, DIVISION"

Page 493, line 2 - strike "080" and insert "070"

Page 493, line 15 - strike "090" and insert "080"

Page 493, line 20 - strike "100" and insert "090"

Page 493, line 28 - strike "110" and insert "100"

Page 494, lines 1 - 4 - strike all matter on lines 1 - 4 and insert the following:

\* Sec. 2. AS 44.62.340 is amended by adding a new subsection to read:

(e) The provisions of secs. 330 - 630 of this chapter do not apply to proceedings under AS 21.

\* Sec. 3. AS 21.09.180 and 21.09.190, in sec. 1 of this Act, provide for service of process upon the director of the division of insurance, or his agent, and provide that when service is made upon the director, the defendant has 45 days in which to answer. The sections change Rules 4 and 12 of the Supreme Court Rules of Civil Procedure, which do not specifically designate an agent for service of process, and which provide that the answer must be made within 20 days.

\* Sec. 4. AS 21.05 - 21.30 are repealed.

\* Sec. 5. This Act takes effect on July 1, 1964.

When Senate Bill No. 83 with its attached certified amendments becomes law the Revisor of Statutes is responsible for the integration of amendments with the Act proper and the necessary adjustments of section and internal reference numbers before the printing of the Act for the session laws and the cumulative supplement to the Alaska Statutes.