

1 IN THE SENATE

BY SENATOR POLLOCK

2 SENATE BILL NO. 108

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the deposit of securi-
7 ties or filing of a bond by insurance
8 companies as a condition to doing business
9 in Alaska."

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

11 * Section 1. AS 21.10 is amended by adding a new section to
12 read:

13 Sec. 21.10.162. DEPOSIT REQUIREMENT. (a) The depart-
14 ment shall not authorize an insurer other than a title
15 insurer to transact business in this state unless the insurer

16 (1) places and maintains in trust in this state
17 for the protection of its policyholders, a deposit of cash
18 or securities of the kind approved by the department in the
19 amount of \$50,000; or

20 (2) files a bond as provided in sec. 165 of this
21 chapter.

22 (b) The department shall promulgate regulations re-
23 lating to the appraisal and administration of deposits made
24 under this section.

25 * Sec. 2. AS 21.10.165 is amended to read:

26 Sec. 21.10.165. [FOREIGN] INSURERS TO FILE BOND [WHEN
27 NECESSARY TO PROTECT POLICYHOLDERS]. (a) A bond filed in
28 accordance with sec. 162 of this chapter shall be [IF THE
29 DEPARTMENT CONSIDERS IT ADVISABLE FOR THE PROTECTION OF

1 POLICYHOLDERS IN THE STATE, IT MAY REQUIRE A FOREIGN INSUR-
2 ANCE COMPANY TO FILE A BOND] signed by the insurer [COMPANY]
3 as principal, with one or more sureties approved by the
4 department and running to the commissioner and his successors
5 in office, in a sum not exceeding \$50,000 [\$20,000] upon the
6 condition that the surety is answerable in the amount of the
7 bond for all judgments, decrees or orders made against the
8 principal by a court of the state for the payment of money.

9 (b) If the principal breaches the condition of the bond,
10 the department may, and, upon demand and receipt of satis-
11 factory assurance for the payment of costs, shall enforce the
12 bond either in his own name or in the name of another person
13 as obligee by appropriate proceedings for the use and benefit
14 of the person injured by the breach.

15 (c) The surety on the bond may withdraw by giving
16 written notice to the department not less than 90 days before
17 the date on which the existing certificate of authority of
18 the insurer [FOREIGN CORPORATION] expires. However, the
19 surety remains liable on the bond for all judgments, decrees
20 or orders rendered against the principal for any liability
21 arising during a period of coverage [OUTSTANDING AT THE TIME
22 OF WITHDRAWAL].

23 * Sec. 3. Authorized insurers transacting insurance in this
24 state before the date on which this Act becomes law have a period
25 of one year from the date this Act becomes law in which to comply
26 with the deposit requirements in this Act.
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