

Introduced: 2/4/70
Referred: Commerce and
Judiciary

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 596

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to surplus line insurance; and
7 providing for an effective date."

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

9 * Section 1. AS 21.33.160 is amended to read:

10 Sec. 21.33.160. FILING SURETY BOND AS A CONDITION TO LICENSE.
11 Before receiving a license the applicant shall file with the
12 department a surety bond in favor of the state in the penal sum of
13 \$25,000 [\$5,000 WITH THE DEPARTMENT]. The bond shall be issued by
14 an authorized corporate surety approved by the department. The bond
15 shall be conditioned on the conduct of business under the license
16 in conformity with the provisions of this title, including [AND] the
17 payment of all taxes required to be paid by this title. The applicant
18 shall keep the bond in effect during the period of the license. The
19 surety may terminate the bond by giving at least 30 days [DAYS']
20 written notice to the department.

21 * Sec. 2. AS 21.33.180 is repealed and re-enacted to read:

22 Sec. 21.33.180. FINANCIAL REQUIREMENTS FOR INSURERS OF SURPLUS
23 LINES. (a) A surplus line broker shall ascertain the financial
24 condition of an insurer before placing insurance with him. A broker
25 may not place surplus line insurance with an insurer which he knows
26 to be financially unsound, nor may the broker place surplus line
27 insurance with an insurer which has capital and surplus of less than
28 \$600,000 unless there is on file with the department a copy of a
29 trust agreement, certified by the trustee, evidencing an existing

1 trust of at least \$450,000 which is deposited by the insurer in a
2 United States bank or a United States trust company and held for
3 the protection of the insurer's United States policyholders. The
4 department may waive the foregoing financial requirements in
5 circumstances wherein insurance on risks located in this state
6 cannot be procured under the requirements.

7 (b) A surplus line broker who violates (a) of this section is
8 punishable by a fine of not less than \$50 or more than \$250 for each
9 offense, The department shall also revoke his license and may not
10 license him as a surplus line broker for a period of two years
11 thereafter.

12 * Sec. 3. This Act takes effect on the day after its passage and
13 approval or on the day it becomes law without approval.
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