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Referred: Commerce and
Judiciary

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 HOUSE BILL NO. 390

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to regulation of insurance holding
7 companies."

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

9 * Section 1. AS 21 is amended by adding a new chapter to read:

10 CHAPTER 70. INSURANCE HOLDING COMPANIES.

11 Sec. 21.70.010. FINDINGS. (a) The legislature finds and de-
12 clares that the public interest and the interest of policyholders and
13 shareholders may be adversely affected when

14 (1) control of an insurer is sought by persons who would
15 utilize that control contrary to the policyholders or shareholders'
16 best interest;

17 (2) acquisition of control of an insurer would substantially
18 lessen competition or create a monopoly in the insurance business in
19 this state;

20 (3) an insurer that is part of an insurance holding company
21 system is required to enter into transactions or relationships with
22 affiliated companies on terms which are unfair or unreasonable; or

23 (4) an insurer pays dividends to shareholders which jeopar-
24 dize the financial condition of these insurers.

25 (b) The legislature further declares that it is in the public
26 interest to:

27 (1) require disclosure by acquiring or merging companies;

28 (2) require disclosure by insurers of material transactions
29 and relationships between the insurer and its affiliates, including

1 dividends to shareholders paid by insurers;

2 (3) require disclosure of pertinent information relating
3 to changes in control of insurers;

4 (4) invoke penalties for failure to disclose and provide for
5 the means to disapprove certain transactions.

6 Sec. 21.70.020. SUBSIDIARIES OF INSURERS. (a) Subject to the
7 limitations of this chapter, a domestic insurer, either by itself or
8 in cooperation with one or more persons, may invest in or otherwise
9 acquire one or more subsidiaries engaged or registered to engage in
10 one or more of the following insurance or ancillary businesses:

11 (1) any kind of insurance business authorized by the
12 jurisdiction in which it is incorporated;

13 (2) acting as an insurance agent for its parent or for any
14 of its parent's insurer subsidiaries or intermediate insurer subsidi-
aries;

15 (3) investing, reinvesting or trading in securities for its
16 own account, that of its parent, any subsidiary of its parent, or any
17 affiliate, or subsidiary;

18 (4) management of any investment company subject to or
19 registered under the Federal Investment Company Act of 1940, as
20 amended, including related sales and services;

21 (5) acting as a broker dealer subject to or registered under
22 the Securities Exchange Act of 1934 as amended;

23 (6) rendering investment advice to governments, government
24 agencies, corporations or other organizations or groups;

25 (7) rendering other services related to the operations of
26 an insurance business including, but not limited to, actuarial, loss
27 prevention, safety engineering, data processing, accounting, claims,
28 appraisal and collection services;
29

1 (8) ownership and management of assets that the parent
2 corporation could itself own and manage;

3 (9) acting as administrative agent for a government instru-
4 mentality that is performing an insurance function;

5 (10) financing of insurance premiums;

6 (11) any other business activity reasonably ancillary to an
7 insurance business;

8 (12) owning a corporation or corporations engaged or organized
9 to engage exclusively in one or more of the businesses specified in
10 this section.

11 (b) In addition to investments in common stock permitted under
12 any other section of this title, a domestic insurer may:

13 (1) invest in common stock of one or more subsidiaries in
14 an amount which together with the cost at the time of acquisition or
15 formation of other subsidiary investments under this paragraph does
16 not exceed the lesser of five per cent of the insurer's assets or
17 50 per cent of insurer's surplus as regards policyholders, except that
18 after that investment the insurer's surplus as regards policyholders,
19 considering the investment as if it were a disallowed asset, will be
20 reasonable in relation to the insurer's outstanding liabilities and
21 adequate to its financial needs; for purposes of this paragraph "actual
22 cost" means total money or other consideration expended and obligations
23 assumed in the acquisition or formation of a subsidiary including all
24 organizational expenses and contribution to capital and surplus of the
25 subsidiary whether or not represented by the purchase of capital
26 stock or issuance of other securities;

27 (2) if the insurer's total liabilities, as computed for
28 NAIC annual statement purposes are less than 10 per cent of assets,
29 invest any amount in common stock of one or more subsidiaries; however,

1 after that investment the insurer's assets and surplus as regards
2 policyholders, considering the investment as if it were a disallowed
3 asset, will be reasonable in relation to the insurer's outstanding
4 liabilities and adequate to its financial needs;

5 (3) invest any amount in common stock of a subsidiary;
6 however, the subsidiary must limit investments in the common stock of
7 any one corporation or in any other asset so that the amount of
8 any one investment when multiplied by the percentage of the insurer's
9 ownership in the subsidiary, plus the insurer's direct investment in
10 the assets does not exceed any of the investment limitations specified
11 in (1) of this section or in AS 21.21.160 - 21.21.180;

12 (4) that are applicable to the insurer; and with the approval
13 of the commissioner, invest any amount in common stock of one or more
14 subsidiaries, except that after the investment the insurer's assets
15 and surplus as regards policyholders, considering the investment as
16 if it were a disallowed asset, will be reasonable in relation to the
17 insurer's outstanding liabilities and adequate to its financial needs.

18 (c) If an insurer stops controlling a subsidiary, it shall
19 dispose of that investment made under this section within three years
20 from the time of the termination of control or within whatever addi-
21 tional time the commissioner may prescribe, unless at any time after
22 the investment is made, the investment meets the requirements for
23 investment under any other section of this chapter, and the insurer
24 has notified the commissioner of the investment.

25 Sec. 21.70.030. ACQUISITION OF CONTROL OF OR MERGER WITH DOMESTIC
26 INSURER. (a) Until all requirements of this section have been complied
27 with no person may make a tender offer for or a request or invitation
28 for tenders of, or enter into an agreement to exchange securities for
29 or otherwise acquire, any voting security of a domestic insurer or any

1 other person if, as a result of the consummation of that transaction,
2 that person would, directly or indirectly, acquire control of the
3 insurer. No person may enter into an agreement to merge with or
4 otherwise acquire control of a domestic insurer, unless

5 (1) that person has filed with the commissioner and has
6 sent to the insurer a statement containing the following information,
7 and whatever additional information, the commissioner may by rule or
8 regulation prescribe as necessary or appropriate for the protection of
9 the public's interest or for the protection of policyholders:

10 (A) the background and identity of all persons by
11 whom or on whose behalf the purchases or the exchange, merger
12 or other acquisition of control are to be effected;

13 (B) the source and amount of the funds or other consid-
14 eration used or to be used in making the purchases or in effecting
15 the exchange, merger or other acquisition of control; if any part
16 of these funds or other consideration has been or is to be
17 borrowed or otherwise obtained for the purpose of making the
18 purchases or effecting the exchange, merger or other acquisi-
19 tion of control, a description of the transaction and the names
20 of the parties to the transaction, except where a source of funds
21 is a loan made in the lender's ordinary course of business, if
22 the person filing the statement so requests, the name of the lender
23 may not be made available to the public;

24 (C) any plans or proposals that these persons may have
25 to liquidate the insurer, to sell its assets or merge it with
26 any person, or to make any other major change in its business or
27 corporate structure or management;

28 (D) the amount of each class of voting securities or
29 securities which may be converted into voting securities of the

1 insurer that are beneficially owned, and the amount of each class
2 of voting securities or securities which may be converted into
3 voting securities of the insurer concerning which there is a
4 right to acquire beneficial ownership, by

5 (i) each person, and

6 (ii) by each affiliate of each person, giving the
7 name and address of each affiliate; and

8 (E) information as to any contracts, arrangements or
9 understandings with any person with respect to any securities of
10 the insurer, including but not limited to transfer of any of the
11 securities, joint ventures, loan or option arrangements, puts or
12 calls, guarantees of loans, guarantees against loss or guarantees
13 of profits, division of losses or profits, or the giving or with-
14 holding of proxies, naming the persons with whom contracts,
15 arrangements or understandings have been entered into, and giving
16 the details thereof;

17 (2) the time for disapproval including extensions has
18 elapsed or approval has been given by the commissioner as provided in
19 this chapter.

20 (b) All requests or invitations for tenders or advertisements
21 making a tender offer or requesting or inviting tenders of voting
22 securities of the insurer made by or on behalf of a person, and a
23 copy of an agreement to exchange or otherwise acquire securities or to
24 merge with or otherwise to acquire control of the insurer, shall be
25 filed with the commissioner and sent to the insurer as a part of the
26 statement and shall contain whatever information in the statement
27 that the commissioner may by rule or regulation prescribe. Copies of
28 any additional material soliciting or requesting tender offers subse-
29 quent to the initial solicitation or request, and copies of amendments

1 to the agreement, shall contain whatever information that the commis-
2 sioner may by rule or regulation prescribe as necessary or appropriate
3 for the protection of the public's interest or the policyholders and
4 shall be filed with the commissioner and sent to the insurer not later
5 than the time copies of the material are first published or sent or
6 given to security holders or the amendment is entered into.

7 (c) If the person required to file any statement under (a) of
8 this section is a partnership, limited partnership, syndicate or other
9 group, the commissioner may require that the information required by
10 (a)(1) of this section shall be given with respect to (1) each partner
11 of the partnership or limited partnership, (2) each member of the
12 syndicate or group and (3) each person who controls the partner or
13 member. If a person referred to in (1), (2) or (3) of this subsection
14 is a corporation or the person required to file the statement referred
15 to in (a) of this section is a corporation, the commissioner may re-
16 quire that the information called for by (a)(1) of this section shall
17 be given with respect to the corporation and each officer and director
18 of the corporation and each person who is directly or indirectly the
19 beneficial owner of more than 10 per cent of the outstanding voting
20 securities of the corporation.

21 (d) If any tender offer, request or invitation for tenders, or
22 agreement to exchange or otherwise acquire securities or to merge or
23 otherwise acquire control referred to in (a) of this section is proposed
24 to be made by means of a registration statement under the Securities Act
25 of 1933 or in circumstances requiring the disclosure of similar in-
26 formation under the Securities Exchange Act of 1934, or under a state
27 law requiring similar registration or disclosure, the person required
28 to file the statement referred to in (a) of this section may instead of
29 that statement, file the documents required by these laws together with

1 any other materials requested by the commissioner.

2 (e) The purchases, exchanges, mergers or other acquisitions of
3 control referred to in (a) of this section may be made unless the com-
4 missioner, within 60 days after the statement required by (a) of this
5 section has been filed with him, disapproves the purchases, exchanges,
6 mergers or other acquisitions of control. The commissioner may approve
7 the transaction at any time during the 60-day period or shall disapprove
8 it if he finds that

9 (1) after the change of control the domestic insurer referred
10 to in (a) of this section could not satisfy the requirements for the
11 issuance of a license to undertake the insurance business which it
12 intends to transact in this state taking into consideration the financial
13 and managerial resources and future prospects of the insurer;

14 (2) the effect of the purchases, exchanges, mergers or other
15 acquisitions of control may be substantially to lessen competition in
16 insurance in this state or tend to create a monopoly or which in any
17 other manner would be in restraint of trade;

18 (3) the financial condition of an acquiring person is one
19 that might jeopardize the financial stability of the insurer, or preju-
20 dice the interests of its policyholders, or, in the case of an acquisi-
21 tion of control, the interests of any remaining shareholders who are
22 unaffiliated with the acquiring person;

23 (4) the plans or proposals that the acquiring person has to
24 liquidate the insurer, to sell its assets or to merge it with any
25 person or to make any other major change in its business or corporate
26 structure or management, are unfair or prejudicial to policyholders;

27 (5) the competence, experience and integrity of those
28 persons who would control the operations of the insurer indicate that
29 it would not be in the interest of policyholders, shareholders, or the

1 public to permit them to do so;

2 (6) any party to an agreement to merge with a domestic
3 insurer is not itself an insurer; or

4 (7) the interests of the policyholders and stockholders
5 might otherwise be prejudiced, impaired or improperly protected.

6 (f) The provisions of this section do not apply to an offer for
7 or request or invitation for tenders of any voting securities or an
8 agreement to exchange securities for or otherwise acquire control, if
9 the commissioner, by rule, regulation or order, shall exempt these
10 offers from the provisions of this section because they are not within
11 the purposes of this section.

12 (g) Failure to file the statement required under (a) of this
13 section constitutes a violation of this chapter.

14 (h) Carrying out or an attempt to carry out an acquisition of
15 control of, or merger with, a domestic insurer within the 60-day period
16 referred to in (d) of this section or after disapproval of the acqui-
17 sition of control or merger by the commissioner constitutes a violation
18 of this chapter.

19 Sec. 21.70.040. REGISTRATION OF INSURERS. (a) Every insurer
20 that is authorized to do business in this state and that is a member
21 of an insurance holding company system shall register with the commis-
22 sioner. However, upon application by the insurer, the commissioner
23 may waive the filing of registration information, in whole or in part,
24 of any foreign insurer organized in a jurisdiction which has adopted
25 by statute or regulation disclosure requirements and standards sub-
26 stantially similar to those contained in this chapter. An insurer
27 domiciled in a jurisdiction that has not adopted by statute or regula-
28 tion disclosure requirements and standards substantially similar to
29 those contained in this chapter is a domestic for purposes of this

1 chapter. An insurer subject to registration under this section shall
2 register within 60 days after the effective date of this Act or within
3 15 days after it becomes a member of an insurance holding company
4 system, whichever is later, unless the commissioner, for good cause
5 shown, extends the time for registration and then within the extension
6 of time.

7 (b) Every insurer subject to registration shall file a registra-
8 tion statement on a form provided by the commissioner the statement
9 shall contain current information about

10 (1) the corporate and capital structure, general financial
11 condition, ownership and management of the insurer and all its
12 affiliates;

13 (2) the following transactions between the insurer and its
14 affiliates that are in force at the time the insurer becomes subject
15 to registration or that were entered into at any time subsequent to two
16 years before the time the insurer becomes subject to registra-
17 tion:

18 (A) loans, other investments, purchases, sales or ex-
19 changes of securities of the affiliate by the insurer or of the
20 insurer by its affiliates;

21 (B) purchases, sales, or exchanges of assets;

22 (C) transactions not in the ordinary course of business;

23 (D) guarantees or undertakings for the benefit of an
24 affiliate, which result in an actual contingent exposure of the
25 insurer's assets to liability, other than insurance contracts
26 entered into in the ordinary course of the insurer's business;

27 (E) all management and service contracts and all cost-
28 sharing arrangements other than cost allocation arrangements
29 based upon generally accepted accounting principles; and

1 (F) reinsurance agreements covering substantially one
2 or more lines of insurance of the ceding company;

3 (3) other matters that may be included in registration
4 forms adopted by the commissioner.

5 (c) The commissioner, upon application by the insurer, may
6 permit certain material to be omitted if in the commissioner's opinion
7 it is immaterial.

8 (d) Each registered insurer shall keep current the information
9 required to be disclosed in its registration statement by reporting all
10 material changes or additions within 15 days of each change or addi-
11 tion on forms provided by the commissioner.

12 (e) The commissioner shall terminate the registration of any
13 insurer that demonstrates it is no longer a member of an insurance
14 holding company system.

15 (f) The commissioner may permit two or more affiliated insurers
16 subject to registration under this chapter to file consolidated reports
17 amending their respective registration statements.

18 (g) The commissioner may permit an insurer authorized to do
19 business in this state and that is part of an insurance holding company
20 system to register on behalf of any affiliated insurer which is required
21 to register under (a) of this section and to file all information and
22 material required to be filed under this chapter.

23 (h) The provisions of this section do not apply to an insurer
24 if the commissioner by rule, regulation or order exempts the insurer
25 from the provisions of this section.

26 (i) Failure to file the registration statement or to keep the
27 registration statement current constitutes a violation of this chapter.

28 Sec. 21.70.050. STANDARDS. (a) Transactions by insurers with
29 their affiliates are subject to the following standards:

1 (1) The terms shall be fair and reasonable in accordance
2 with the purposes of this chapter.

3 (2) The books, accounts, and records of each party shall be
4 maintained by methods that will clearly and accurately disclose the
5 precise nature and details of the transactions.

6 (3) The insurer's assets and surplus as regards policyholders
7 following any transactions including dividends or distributions to
8 shareholder affiliates shall be reasonable in relation to the insurer's
9 outstanding liabilities and adequate to its financial needs.

10 (b) Any material transaction that is not in conformity with (a)
11 of this section constitutes a violation of this chapter, and in addition
12 to the penalties contained in sec. 90 of this chapter renders the
13 transactions voidable at the discretion of the commissioner following
14 proper notice and leasing, or otherwise under applicable law.

15 (c) For purposes of this chapter, in determining whether an in-
16 surer's assets and surplus as regards policyholders are reasonable in
17 relation to the insurer's outstanding liabilities and adequate to
18 its financial needs, the following factors, at least, shall be con-
19 sidered:

20 (1) the size of the insurer as measured by its assets,
21 capital and surplus, reserves, premium writings, insurance in force
22 and other appropriate criteria;

23 (2) the extent to which the insurer's business is diversi-
24 fied among the several lines of insurance;

25 (3) the number and size of risks insured in each line of
26 business;

27 (4) the extent of the geographical dispersion of the
28 insurer's insured risks;

29 (5) the nature and extent of reinsurance of the insurer's

1 risks;

2 (6) the quality, diversification, and liquidity of the
3 insurer's investment portfolio;

4 (7) the recent past and projected future trends in the size
5 of the insurer's surplus as regards policyholders;

6 (8) the surplus as regards policyholders maintained by other,
7 comparable insurers; and

8 (9) the financial position of the insurer when investments
9 in and other transactions with affiliated persons are excluded from
10 assets.

11 Sec. 21.70.060. NOTICE OF DECLARATION OF DIVIDENDS. Every insur-
12 ance company shall give the department not less than 30 days notice of
13 the proposed declaration by its directors of any extraordinary divi-
14 dend and dividend or distribution to stockholders that together with
15 those made within the preceding 12 months exceed in value the lesser
16 of 10 per cent of the insurer's surplus as regards policyholders as
17 of December 31 or 100 per cent of the net income for the 12-month
18 period ending December 31. The notice period runs from the date of
19 receipt of the notice by the department. A dividend declared within
20 the 30-day notice period, or declared without first giving notice to
21 the department, is invalid and confers no rights or benefits upon the
22 holder of stock. The insurer's assets and surplus following any divi-
23 dends or distributions to shareholder affiliates shall be reasonable
24 in relation to the insurer's outstanding liabilities and shall be
25 adequate to meet its financial needs.

26 Sec. 21.70.070. EXAMINATION. (a) Subject to the limitation
27 contained in this section and in addition to the powers which the
28 commissioner has under sections relating to the examination of in-
29 surers, the commissioner also may order any insurer registered under

1 sec. 40 of this chapter to produce the records, books or papers in the
2 possession of the insurer or its affiliates that are necessary to veri-
3 fy the information required in the insurer's registration statement,
4 and any additional pertinent information. These books, records,
5 papers and information shall be examined in the manner prescribed in
6 this title.

7 (b) The purpose of the examination under (a) of this section is
8 to verify the registration statement and any addition or amendment
9 thereto made under this chapter. The commissioner shall exercise his
10 power under (a) of this section only if the examination of the insurer
11 under this title is inadequate or the interests of the policyholders
12 of the insurer are being adversely affected and, in any event, within
13 three calendar years from the date of filing of the registration
14 statement or an addition or amendment unless there is fraud involved
15 in which case the three-year limitation is not applicable.

16 (c) The commissioner may retain at the registered insurer's
17 expense whatever attorneys, actuaries, accountants, or other experts
18 not otherwise a part of the commissioner's staff that may be reasonably
19 necessary to assist in the conduct of the examination under (a) of
20 this section. Any persons or organizations retained shall be under
21 the direction and control of the commissioner and shall act in a purely
22 advisory capacity.

23 (d) Each registered insurer producing for examination records,
24 books, and papers under (a) of this section shall be liable for and
25 shall pay the expense of the examination under AS 21.06.160.

26 Sec. 21.70.080. CONFIDENTIAL TREATMENT. Every report made under
27 secs. 40 - 70 of this chapter, including every report of examination
28 or investigation, and any authenticated copy of the report of examina-
29 tion in the possession of any person subject to the provisions of this

1 chapter, shall be a confidential communication, shall not be subject to
2 subpoena and shall not be made public unless the commissioner deter-
3 mines that the interests of policyholders, shareholders or the public
4 will be served by its publication. In that event he may make a public
5 record or publish all or any part of it in the manner as he considers
6 appropriate, notwithstanding any provisions prohibiting immediate dis-
7 closure.

8 Sec. 21.70.090. PENALTIES. (a) A person who wilfully violates
9 a provision of this chapter, or rule or regulation promulgated by the
10 commissioner under its authority, or a person who wilfully, in a filing
11 under sec. 30 of this chapter or a registration under sec. 40 of this
12 chapter, makes a false statement of a material fact or fails to state
13 any material fact required to be stated in it or necessary to make the
14 statements in it not misleading, is, upon conviction, punishable by a
15 fine of not more than \$1,000, or by imprisonment for not more than one
16 year, or by both.

17 (b) A person who is found, after notice and opportunity to be
18 heard, to have wilfully violated a provision of this chapter, or rule or
19 regulation promulgated by the commissioner under its authority shall,
20 in addition to any other penalty provided by law, forfeit to the state
21 the sum of \$1,000 for a first violation, and an additional sum of
22 \$1,000 for each day the violation continues.

23 (c) In addition to other remedies and penalties provided in this
24 chapter or otherwise available under the laws of this state, a viola-
25 tion of this chapter is hereby declared to be an unfair method of
26 competition or an unfair or deceptive act and practice in the business
27 of insurance subject to the provisions of AS 21.36 and in addition,
28 the department may, after notice and hearing,

29 (1) refuse to issue, renew or reissue, revoke or suspend

1 for a period not exceeding one year any license or certificate of
2 authority issued or to be issued by it to any person found to have
3 violated a provision of this chapter;

4 (2) after notice and hearing, impose by order and adminis-
5 trative forfeiture upon that person, enforceable by the revocation,
6 suspension, or refusal to issue, renew or reissue of any license or
7 licenses or otherwise under the law of this state, in an amount not
8 to exceed \$1,000 for each violation and for each day the violation
9 continues;

10 (3) proceed in a court of competent jurisdiction in this
11 state or outside it against the person, if an insurer, upon the appli-
12 cable grounds provided for the rehabilitation, conservatorship of
13 liquidation of an insurer or for an injunction to prevent a violation
14 of this chapter or to reverse or hold invalid any transaction made in
15 violation of this chapter;

16 (4) issue administrative orders to require compliance with
17 this chapter including the filing of evidence of compliance, and
18 periodic reporting as to compliance, enforceable by revocation, suspen-
19 sion, or refusal to issue, renew or reissue of any license or other-
20 wise under the laws of this state.

21 (d) A person obtaining control of a domestic insurer shall by
22 that act, subject that person to the jurisdiction of the courts of
23 this state.

24 Sec. 21.70.100. ADDITIONAL POWERS. The powers, remedies, pro-
25 cedures and penalties provided in this chapter shall be in addition
26 to, and not in limitation of, any other powers, remedies, procedures
27 and penalties otherwise provided by law.

28 Sec. 21.70.110. CONFLICT WITH OTHER LAWS. All laws and parts of
29 laws of this state inconsistent with this chapter are hereby superseded

1 with respect to matters covered by this chapter.

2 Sec. 21.70.120. DEFINITIONS. In this chapter, unless the
3 context otherwise requires,

4 (1) "affiliate" of, or "person affiliated" with, a specific
5 person, is a person that directly, or indirectly through one or more
6 intermediaries, controls or is controlled by, or is under common
7 control with, the person specified;

8 (2) "company" means any corporation, partnership, trust,
9 reciprocal joint stock company, association, society or similar
10 organization;

11 (3) "control" (including "controlling", "controlled by",
12 and "under common control with") means the possession, direct or in-
13 direct, of the power to direct or cause the direction of the management
14 and policies of a person, whether through the ownership of voting
15 securities, by contract other than a commercial contract for goods or
16 nonmanagement services, or otherwise; control is presumed to exist when
17 a person, directly or indirectly, owns, controls, holds with the power
18 to vote, or holds proxies, representing 10 per cent or more of the
19 voting securities of any other person; this presumption may be rebutted
20 by showing that control does not exist in fact; notwithstanding this
21 presumption of control, the commissioner, upon application of the
22 insurance company, may determine that the insurance company or company
23 is not controlled by the person presumed to control it; in addition the
24 commissioner, after notice and hearing, may determine that notwithstand-
25 ing this presumption, that a person does control an insurance company
26 or companies;

27 (4) "department" means the Department of Commerce, the
28 commissioner of the department or his authorized representative;

29 (5) "insurance company or insurer" means a company qualified

1 and licensed by the department to transact the business of insurance
2 in this state;

3 (6) "insurance holding company" means any company which
4 directly or indirectly controls an insurance company or controls any
5 other company which controls an insurance company;

6 (7) "insurance holding company system" consists of two or
7 more affiliated persons, one or more of which is an insurance company;

8 (8) "person" means an individual, partnership, corporation,
9 firm, association, joint stock company, business trust, unincorporated
10 organization, any similar entity or any group or combination of the
11 foregoing acting in concert;

12 (9) "subsidiary" of a specified person is an affiliate con-
13 trolled by that person directly, or indirectly through one or more
14 intermediaries.

15 Sec. 21.70.130. SHORT TITLE. This Act may be cited as the Insur-
16 ance Holding Company Act.