

Introduced: 1/15/76
Referred: Commerce and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 582 *ams*

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Section 1. AS 21.06.250(a)(1) is amended by adding a new subparagraph
10 to read:

11 (D) amending certificate of authority.....\$10.

12 * Sec. 2. AS 21.09.070(a) is amended to read:

13 (a) To qualify for authority to transact any one kind of in-
14 surance as defined in ch. 12 of this title, or combination of kinds of
15 insurance as shown below, a foreign insurer, or a domestic insurer
16 applying for its original certificate of authority in this state, or
17 an insurer re-applying for a certificate of authority in this state
18 after having withdrawn from this state for any cause, shall possess
19 and thereafter maintain unimpaired basic paid-in capital stock (if a
20 stock insurer) or unimpaired basic surplus (if a foreign mutual insurer
21 or foreign reciprocal insurer), and shall possess when first so
22 authorized additional funds in surplus as follows:

Kind or Kinds of Insurance	Basic Capital	
	or Basic Surplus	Additional Surplus
Life	<u>\$400,000</u>	<u>\$400,000</u>
[STOCK INSURERS]	[\$200,000]	[\$100,000]
[MUTUAL INSURERS]	[300,000]	[150,000]
Disability	<u>400,000</u>	<u>400,000</u>

1	[STOCK INSURERS]	[200,000]	[100,000]
2	[MUTUAL,]		
3	[RECIPROCAL INSURERS]	[300,000]	[150,000]
4	Life and Disability	<u>500,000</u>	<u>500,000</u>
5	[STOCK INSURERS]	[200,000]	[150,000]
6	[MUTUAL INSURER	[300,000]	[225,000]
7	Property	<u>400,000</u>	<u>400,000</u>
8		[200,000]	[100,000]
9	Casualty <u>excluding vehicle</u>	<u>500,000</u>	<u>500,000</u>
10	[WITHOUT WORKMEN'S		
11	COMPENSATION]	[200,000]	[100,000]
12	[WITH WORKMEN'S		
13	COMPENSATION]	[250,000]	[150,000]
14	<u>Vehicle</u>	<u>400,000</u>	<u>400,000</u>
15	Marine & Transportation	<u>450,000</u>	<u>450,000</u>
16		[200,000]	[100,000]
17	Surety	<u>500,000</u>	<u>500,000</u>
18		[250,000]	[150,000]
19	Title	<u>250,000</u>	<u>250,000</u>
20		[100,000]	[100,000]
21	<u>Any two of the following</u>		
22	<u>kinds of insurance:</u>		
23	<u>property, marine and</u>		
24	<u>transportation, casualty</u>		
25	<u>excluding vehicle,</u>		
26	<u>surety and disability</u>	<u>550,000</u>	<u>550,000</u>
27	<u>Multiple Lines (all lines</u>		
28	<u>excluding life and title</u>		
29	<u>insurance)</u>	<u>750,000</u>	<u>750,000</u>

1	[MULTIPLE LINES (ANY		
2	TWO OR MORE KINDS OF		
3	INSURANCE, OTHER THAN		
4	LIFE OR TITLE INSURANCES)]	[400,000]	[200,000]
5	<u>Legal Expenses</u>	<u>400,000</u>	<u>400,000</u>
6	<u>Mortgage Guarantee</u>	<u>400,000</u>	<u>400,000</u>

7 * Sec. 3. AS 21.09.080 is repealed and re-enacted to read:

8 Sec. 21.09.080. CAPITAL FUNDS REQUIRED - OLD DOMESTIC INSURERS.

9 (a) A domestic insurer holding a valid certificate of authority to
10 transact insurance in this state immediately before the effective date
11 of this Act may continue to transact the same kinds of insurance
12 permitted by the certificate of authority by maintaining after that
13 date unimpaired not less than the same amount of paid-in capital stock
14 (if a stock insurer) or not less than the same amount of surplus (if a
15 mutual or reciprocal insurer) for that authority as required under the
16 laws of this state in force immediately before the effective date of
17 this Act as if the laws had continued in force.

18 (b) Notwithstanding (a) of this section, a domestic insurer
19 holding a valid certificate of authority to transact insurance in this
20 state immediately before July 1, 1966, may continue to transact the
21 same kinds of insurance permitted by the certificate of authority by
22 maintaining after that date unimpaired not less than the same amount
23 of paid-in capital stock (if a stock insurer) or not less than the
24 same amount of surplus (if a mutual or reciprocal insurer) for that
25 authority as required under the laws of this state in force immediately
26 before July 1, 1966, as if the laws had continued in force.

27 (c) An insurer described in (a) or (b) of this section may not,
28 after the effective date of this Act, be granted authority to transact
29 any other or additional kind of insurance unless it, at the time of

1 applying for the authority, fully complies with the requirements as to
2 capital and surplus, as applied to all the kinds of insurance it
3 proposes to transact, as provided under sec. 70 of this chapter as to
4 new domestic insurers.

5 (d) An insurer described in this section may not, after the
6 effective date of this Act, declare a dividend or distribute assets to
7 its shareholders, members, or subscribers until it has a total capital
8 and surplus equal to the total capital and surplus required for a like
9 insurer under sec. 70 of this chapter.

10 * Sec. 4. AS 21.09.090(b) is amended to read:

11 (b) The director may not authorize an insurer to transact
12 insurance in this state unless it makes and thereafter maintains in
13 trust in this state through the director for the protection of all its
14 policyholders or of all its policyholders and creditors, a deposit of
15 cash or securities eligible for deposit under AS 21.24.030 in the
16 amount of no less than \$300,000 [~~\$200,000~~], except that

17 (1) insurers authorized to transact insurance and trans-
18 acting insurance immediately before the effective date of this Act
19 [JULY 1, 1966], shall have a period of one year from that date within
20 which to comply with any increase in deposit required under this
21 section;

22 (2) from foreign insurers, in lieu of the deposit or part
23 thereof in this state, the director may [SHALL] accept the certificate
24 in proper form of the public official having supervision over insurers
25 in any other state to the effect that a like deposit or part thereof
26 by the insurer is being maintained in public custody or control under
27 the law in that state in trust for the protection generally of the in-
28 surer's policyholders or its policyholders and creditors, in the
29 United States;

1 (3) from alien insurers, in lieu of the deposit or part
2 thereof in this state, the director shall accept evidence satisfactory
3 to him that the insurer maintains within the United States by way of
4 trust deposits with public depositaries, or in trust institutions
5 acceptable to the director, assets available for discharge of its
6 United States insurance obligations, which assets shall be in an
7 amount not less than the outstanding liabilities of the insurer
8 arising out of its insurance transactions in the United States together
9 with a surplus equal to the larger of the following sums:

10 (A) the largest deposit required by this title to be
11 made by a foreign insurer transacting like kinds of insurance; or

12 (B) \$300,000; which surplus shall for all purposes
13 under this title be considered to be the capital or surplus of
14 the insurer.

15 * Sec. 5. AS 21.12 is amended by adding new sections to read:

16 Sec. 21.12.110. MORTGAGE GUARANTY INSURANCE DEFINED. Mortgage
17 guaranty insurance includes insurance against financial loss by reason
18 of non-payment of principal, interest and other sums agreed to be paid
19 under the terms of any note or bond or other evidence of indebtedness
20 secured by a mortgage, deed of trust or other instrument consisting of
21 a lien or charge on real estate.

22 Sec. 21.12.120. LEGAL EXPENSE INSURANCE DEFINED. Legal expense
23 insurance includes indemnity insurance against expense for the pro-
24 fessional services of licensed lawyers and pre-paid service agreements
25 or contracts between a service corporation and a licensed lawyer or
26 firm under which the lawyer or firm agrees to render all or part of
27 one or more legal services to subscribers of the service corporation
28 for which the subscribers make periodic pre-payments in identifiable
29 amounts to the service corporation.

1 * Sec. 6. AS 21.21 is amended by adding a new section to read:

2 Sec. 21.21.600. DEFINITIONS. In this chapter, unless the
3 context requires otherwise, "domestic insurer" has the same meaning as
4 set out in AS 21.90.070 and, in addition, for the purposes of this
5 chapter, includes an insurer which has been authorized to do business
6 in this state and which, during its three preceding fiscal years taken
7 together, or during any lesser period of time if it has been licensed
8 to transact its business in the State of Alaska only for such lesser
9 periods of time, has written an average of more gross premiums in the
10 State of Alaska than it has written in its state of domicile during
11 the same period, and the gross premiums written constitute 33 per cent
12 or more of its total gross premiums written everywhere in the United
13 States for the three year or lesser period, as reported in its three
14 most recent annual statements.

15 * Sec. 7. AS 21.27.510(a) is amended to read:

16 (a) "Adjuster" means a person who, for compensation as an
17 independent contractor or as an employee of an independent contractor,
18 or for fee or commission, investigates and adjusts claims arising
19 under insurance contracts on behalf of the insurer. An attorney at
20 law who adjusts insurance losses from time to time incidental to the
21 practice of his profession [, OR AN ADJUSTER OF MARINE LOSSES,] or a
22 salaried employee of an insurer [OR OF A GENERAL AGENT] is not con-
23 sidered to be an adjuster for the purposes of this chapter.

24 * Sec. 8. AS 21.33.310(4) is amended to read:

25 (4) insurance of aircraft [OWNED OR OPERATED BY MANUFACTURERS
26 OF AIRCRAFT, OR AIRCRAFT] operated in scheduled interstate flight, or
27 cargo of such aircraft, of insurance against liability, other than
28 workmen's compensation and employers' liability, arising out of the
29 ownership, maintenance or use of the aircraft.

1 * Sec. 9. AS 21.36.190(c) is amended to read:

2 (c) This section does not apply to mortgage guaranty insurance,
3 legal expense insurance, life insurance, disability insurance, or
4 annuity contracts.

5 * Sec. 10. This Act takes effect July 1, 1976.
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