

Introduced: 3/8/77
Referred: Commerce

1 IN THE HOUSE

BY COWPER

2 CS HOUSE BILL NO. 314 AM
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to cooperative insurance programs for
7 property insurance coverage; and providing for an
8 effective date."

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

10 * Section 1. PURPOSE. The purposes of this Act are

11 (1) to encourage the development and use of reciprocal insurance
12 coverage for risks of limited exposure within defined territories;

13 (2) to establish a framework in which reciprocal insurance coverage
14 may be made viable to provide for individual financial security; and

15 (3) to enable reciprocal insurers to satisfy essential property
16 insurance needs of their members consistent with the objectives of the state's
17 insurance laws.

18 * Sec. 2. AS 21.75 is amended by adding new sections to read:

19 ARTICLE 2. COOPERATIVE INSURANCE COVERAGE.

20 Sec. 21.75.300. COOPERATIVE INSURANCE. (a) Within six months of
21 the effective date of this Act, the director shall, by regulation, pro-
22 vide a general plan for the implementation of cooperative insurance
23 coverage limited to the risks defined in sec. 340 of this chapter.

24 (b) The regulations adopted under (a) of this section shall include

25 (1) procedures whereby not less than the number of persons
26 required by sec. 60(a) of this chapter to organize a domestic reciprocal
27 insurer may petition the director to initiate formation of a cooperative
28 insurer;

29 (2) provision whereby the director may obtain information

1 required to be provided by sec. 60(b) of this chapter to implement or-
2 ganization of a domestic reciprocal insurer;

3 (3) provision under which the petitioners shall describe the
4 territory within which the plan of cooperative insurance shall operate;

5 (4) provision by which the director may obtain any additional
6 information which he considers reasonably necessary to determine whether
7 the total amount initially at risk and its distribution permit a sound
8 cooperative insurance operation;

9 (5) provision whereby the director, after indicating an
10 intention to issue a certificate of authority to a cooperative insurer
11 under secs. 300 - 340 of this chapter, shall provide public notice for a
12 period of not less than 30 days to provide nonsubscribing residents
13 within the territory or adjacent geographical area an opportunity to
14 subscribe to the plan of insurance;

15 (6) provision by which, after the issuance of a certificate
16 of authority, the director may receive applications from nonsubscribing
17 residents of the territory or adjacent geographical area for inclusion
18 within the insurer unless the application of the nonsubscribing resident
19 is rejected by a majority vote of the members of the subscription advisory
20 committee of the cooperative insurer; and

21 (7) provision by which the director shall apportion and allo-
22 cate costs of administration of all certificated cooperative insurers
23 among individual insurers on an annual basis.

24 Sec. 21.75.310. CERTIFICATE OF AUTHORITY OF COOPERATIVE INSURER.
25 If the director is satisfied that the plan of insurance and other infor-
26 mation provided by petitioners under sec. 300 of this chapter permits a
27 sound insurance operation, he shall issue a certificate of authority to
28 the insurer.

29 Sec. 21.75.320. DIRECTOR OF INSURANCE AS ATTORNEY-IN-FACT. Unless

1 the petition or supporting documents provided by petitioners in the
2 manner provided in regulations adopted under sec. 300 of this chapter
3 specifically designates an attorney-in-fact, the director or his designee
4 shall serve as attorney-in-fact for a cooperative insurer.

5 Sec. 21.75.330. APPLICABLE PROVISIONS OF LAW. Except as otherwise
6 specifically provided, the provisions of secs. 10 - 290 of this chapter
7 are applicable to cooperative insurers.

8 Sec. 21.75.340. COVERAGE. A cooperative insurer organized under
9 sec. 300 of this chapter is authorized to transact only property in-
10 surance, limited to nonpersonal coverage of motor vehicles, residences,
11 related structures and commercial buildings.

12 * Sec. 3. AS 21.75.030 is amended by adding a new subsection to read:

13 (b) In addition to the requirements of (a) of this section, a
14 cooperative insurer organized under secs. 300 - 340 of this chapter
15 shall include the word "cooperative" in its name.

16 * Sec. 4. AS 21.75.040(a) is amended to read:

17 (a) In this chapter "attorney" refers to the attorney-in-fact of a
18 reciprocal insurer. The attorney may be an individual, firm or cor-
19 poration or, for a cooperative insurer organized under secs. 300 - 340
20 of this chapter, may be the director of insurance.

21 * Sec. 5. AS 21.75 is amended by adding a new section to read:

22 Sec. 21.75.055. SURPLUS FUNDS FOR COOPERATIVE INSURERS. A co-
23 operative insurer organized under secs. 300 - 340 of this chapter, if it
24 has otherwise complied with the applicable provisions of this chapter,
25 may be authorized to transact insurance if it has and maintains surplus
26 funds equal to one-half of the capital required for a domestic recipro-
27 cal insurer under sec. 50(a) of this chapter and such additional surplus
28 as the director considers sufficient.

29 * Sec. 6. As 21.75.100 is amended by adding a new subsection to read:

1 (d) The provisions of this section are inapplicable to a coopera-
2 tive insurer in which the director of insurance serves as attorney-in-
3 fact.

4 * Sec. 7. AS 21.75.130 is amended by adding a new subsection to read:

5 (c) If the attorney-in-fact for a cooperative insurer organized
6 under secs. 300 - 340 of this chapter is the director, he shall provide
7 for an annual independent audit of the accounts of the cooperative
8 insurer.

9 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
10 070(c).