

Introduced: 2/12/80
Referred: Commerce

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE
BY REQUEST

2 HOUSE BILL NO. 718

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

10 * Section 1. AS 21.27.360(b) is amended to read:

11 (b) All funds, except those made payable to the insurer, repre-
12 senting premiums or return premiums received by an agent or broker,
13 shall be received in his fiduciary account, and shall be deposited in a
14 bank account or depository separate from any other account or deposi-
15 tory. Funds from the fiduciary account of

16 (1) an agent which are payable

17 (A) to an insured or broker [, AND] shall be promptly
18 accounted for and paid to the insured or broker [, INSURER, OR
19 AGENT] entitled to the funds;

20 (B) to an insurer shall be promptly accounted for and
21 paid in accordance with the terms and conditions of the agency con-
22 tract;

23 (2) a broker which are payable

24 (A) to an insured, agent or broker shall be promptly
25 accounted for and paid to the person entitled to receive the funds;

26 (B) to an insurer shall be promptly accounted for and
27 paid in accordance with the terms and conditions of the brokerage
28 contract.

29 * Sec. 2. AS 21.27.360 is amended by adding new subsections to read:

1 (d) The bank account or depository to which deposits shall be made
2 when required by (b) of this section

3 (1) shall be described by a word or phrase which identifies
4 it as a trust or fiduciary account or depository;

5 (2) shall be

6 (A) a deposit in an account with a bank, savings and
7 loan association, or credit union;

8 (B) an investment in a financial obligation if the obli-
9 gation is guaranteed by a bank or savings and loan association to
10 return to the investor not less than the amount which he has in-
11 vested at the time of termination of his investment in the obliga-
12 tion; or

13 (C) an investment of any kind made in accordance with
14 specific instructions of the party for whom the funds are held.

15 (e) Unless otherwise provided by written agreement, the interest
16 earned on amounts placed in a bank account or depository under (d) of
17 this section belongs to the agent or broker.

18 (f) An agreement between an agent or broker and a party for whom
19 the funds are held in a bank account or depository under (d) of this
20 section shall govern disbursement of these funds from the account or
21 depository to parties entitled to the funds.

22 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
23 070(c).