

Introduced: 2/13/84  
Referred: Labor & Commerce  
and Finance

1 IN THE HOUSE

BY FURNACE

2

HOUSE BILL NO. 633

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to insurance fees and licenses; and

7

providing for an effective date."

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

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\* Section 1. AS 21.06.090(a) is amended to read:

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(a) The director may adopt [PROMULGATE] reasonable regulations

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to effectuate this title. No regulation may extend, modify, or con-

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lict with any law of this state or the reasonable implications there-

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of. Except for regulations adopted under AS 21.06.250, a [A] regula-

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tion affecting a person or matter other than the personnel or the

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internal affairs of the director's office shall be adopted [MADE] or

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amended only after a hearing, [THEREON] of which notice was given as

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required by AS 21.06.210. If reasonably possible the director shall

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set out the proposed regulation or amendment in or with the notice of

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hearing. A [NO] regulation or amendment as to which a hearing is

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required is not effective until it has been on file as a public record

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in the director's office for at least 10 days.

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\* Sec. 2. AS 21.06.250 is repealed and reenacted to read:

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Sec. 21.06.250. FEES AND LICENSES. The director shall collect

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in advance a fee for each license and for services performed by the

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division of insurance. Fees may be collected for but are not limited

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to applications, examinations, licenses and license renewals, certifi-

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cates of authority, service of process, printed or photocopied mate-

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rial, and postage. The director shall adopt regulations setting the

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fees in an amount the director determines to be sufficient to

1 reimburse the state for the actual expense incurred in providing a  
2 service.

3 \* Sec. 3. AS 21.09.110 is amended to read:

4 Sec. 21.09.110. APPLICATION FOR CERTIFICATE OF AUTHORITY. To  
5 apply for an original certificate of authority an insurer shall file  
6 with the director its application (accompanied by the applicable fees  
7 set under [AS SPECIFIED IN] AS 21.06.250) showing its name, location  
8 of its home office or principal office in the United States (if an  
9 alien insurer), kinds of insurance to be transacted, date of orga-  
10 nization or incorporation, form of organization, state or country of  
11 domicile, and additional information that [WHICH] the director may  
12 reasonably require, together with the following documents, as applica-  
13 ble:

14 (1) if a foreign insurer, a copy of its corporate charter  
15 or articles of incorporation, with all amendments certified by the  
16 public officer with whom the originals are on file in the state or  
17 country of domicile;

18 (2) if a reciprocal insurer, copies of the power of attor-  
19 ney of its attorney-in-fact and of its subscribers' agreement, if any,  
20 certified by its attorney-in-fact;

21 (3) a copy of its financial statement as of the preceding  
22 December 31, sworn to by at least two executive officers of the insur-  
23 er, or certified by the public insurance supervisory official of the  
24 insurer's state of domicile or of entry into the United States;

25 (4) a copy of the report of last examination, if any, made  
26 of the insurer, certified by the insurance supervisory official of its  
27 state of domicile or of entry into the United States;

28 (5) appointment of the director under AS 21.09.180 as its  
29 attorney to receive service of legal process;

1           (6) if a foreign or alien insurer, a certificate of the  
2 public official having supervision of insurance in its state or coun-  
3 try or domicile, or state of entry into the United States, showing  
4 that it is authorized to transact the kinds of insurance proposed to  
5 be transacted in this state;

6           (7) if an alien insurer, a copy of the appointment and  
7 authority of its United States manager, certified by its officer  
8 having custody of its records;

9           (8) if a foreign insurer, a certificate as to deposit if it  
10 is to be tendered under AS 21.09.090; and

11           (9) specimen copies of policies proposed to be offered in  
12 this state if then available, together with premiums or premium rates  
13 applicable if then known, or a declaration that the rates as applica-  
14 ble will be those promulgated by designated rating organizations  
15 authorized to file rates in this state on behalf of the insurer or by  
16 the insurer.

17 \* Sec. 4. AS 21.09.130(a) is amended to read:

18           (a) A certificate of authority issued or renewed under this  
19 title shall continue in force as long as the insurer is entitled to it  
20 under this title and until suspended or revoked, or otherwise ter-  
21 minated; subject, however, to continuance of the certificate by the  
22 insurer each year by payment before June 30 of the continuation fee  
23 set under [PROVIDED IN] AS 21.06.250.

24 \* Sec. 5. AS 21.09.130(c) is amended to read:

25           (c) The director may, in the [HIS] discretion of the director,  
26 reinstate a certificate of authority which the insurer has inadver-  
27 tently permitted to expire, after the insurer has fully cured all its  
28 failures that [WHICH] resulted in the expiration, and upon payment by  
29 the insurer of the fee for reinstatement in addition to the current

1 continuation fee, set under [AS PROVIDED IN] AS 21.06.250. Otherwise,  
2 the insurer shall be granted another certificate of authority only  
3 after filing an application and meeting all other requirements as for  
4 an original certificate of authority in this state.

5 \* Sec. 6. AS 21.09.190(a) is amended to read:

6 (a) Duplicate copies of legal process against an insurer for  
7 whom the director is attorney under AS 21.09.180 shall be served upon  
8 the director, or upon a [HIS] deputy of the director or other person  
9 in charge of the director's [HIS] office during the director's [HIS]  
10 absence. At the time of service the plaintiff shall pay [\$5] to the  
11 director a fee set under AS 21.06.250, taxable as costs in the action.  
12 Upon receiving service the director shall promptly forward a copy by  
13 certified mail with return receipt requested to the person last  
14 designated by the insurer to receive it.

15 \* Sec. 7. AS 21.09.200(d) is amended to read:

16 (d) At the time of filing, the insurer shall pay to the director  
17 a [THE] fee for filing its statement, set under [AS PRESCRIBED IN]  
18 AS 21.06.250.

19 \* Sec. 8. AS 21.09.280(c) is amended to read:

20 (c) Except as provided under AS 21.27.500 [AS 21.27.510], the  
21 appointment of a resident or nonresident general agent is not effec-  
22 tive unless the person appointed is licensed as the general agent of  
23 the insurer by the director upon application and payment of a [THE]  
24 fee set under [AS PROVIDED IN] AS 21.06.250.

25 \* Sec. 9. AS 21.27.080(d) is amended to read:

26 (d) For each examination taken, the director shall collect in  
27 advance a [THE] fee set under [PROVIDED IN] AS 21.06.250.

28 \* Sec. 10. AS 21.27.280(c) is amended to read:

29 (c) Duplicate copies of legal process against the agent, broker

1 or adjuster shall be served upon the director either by a peace offi-  
2 cer or through certified mail with return receipt requested. At the  
3 time of service the plaintiff shall pay to the director a fee set  
4 under AS 21.06.250 [\$5], taxable as costs in the action.

5 \* Sec. 11. AS 21.27.380(d) is amended to read:

6 (d) Subject to the right of the director to suspend, revoke, or  
7 refuse to renew a license as provided in this title, the license may  
8 be renewed for another period by filing with the director on or before  
9 the expiration date a written request, by or on behalf of the licens-  
10 ee, for the renewal accompanied by payment of a [THE] renewal fee set  
11 under [AS SPECIFIED IN] AS 21.06.250. An agent or broker shall make  
12 and file renewal requests on behalf of the [HIS] solicitors of the  
13 agent or broker.

14 \* Sec. 12. AS 21.27.380(f) is amended to read:

15 (f) As to all licenses where renewal must be applied for by the  
16 licensee, if request for renewal of license or payment of the license  
17 fee is not received by the director before the expiration date as  
18 required under (d) of this section, the applicant for renewal of  
19 license shall pay to the director and the director shall collect, in  
20 addition to the regular license fee, a surcharge for the license as  
21 established by regulation under AS 21.06.250 [AS FOLLOWS: FOR THE  
22 FIRST 30 DAYS OR LESS OF DELINQUENCY THE SURCHARGE SHALL BE \$5; FOR  
23 ALL DELINQUENCIES EXTENDING MORE THAN 30 DAYS, THE SURCHARGE SHALL BE  
24 \$10]. This subsection shall not be considered to exempt a person from  
25 a penalty provided by law for transacting business without a valid and  
26 subsisting license, or effect the director's right, at the [HIS]  
27 discretion of the director, to consider the delinquent application as  
28 one for a new license.

29 \* Sec. 13. AS 21.27.390(c) is amended to read:

1 (c) The fee paid to the director for issuance of a temporary  
2 license under [AS SPECIFIED IN] AS 21.06.250 shall be credited toward  
3 the fee required for a permanent license that [WHICH] is issued to  
4 replace the temporary license before the expiration of the temporary  
5 license.

6 \* Sec. 14. AS 21.33.021(b) is amended to read:

7 (b) Service of process shall be made by leaving two copies in  
8 the hands or office of the director and paying to the director [HIM]  
9 for the use of the state a [THE] fee set under AS 21.06.250 [REQUIRED  
10 BY AS 21.06.250(a)(15)] for each person or insurer. A certificate by  
11 the director showing the service that, [WHICH] shall be attached to  
12 the original or third copy of the process presented to the director  
13 [HIM] for that purpose, is sufficient evidence of service. Service  
14 upon the director as attorney shall be service upon the principal.

15 \* Sec. 15. AS 21.33.220 is amended to read:

16 Sec. 21.33.220. FEE. The fee for filing the statement under  
17 AS 21.33.210 is a percentage, set under AS 21.06.250, [AN AMOUNT EQUAL  
18 TO ONE-HALF OF ONE PERCENT] on all premiums collected during the  
19 preceding calendar year as shown on the statement, after deducting the  
20 amount paid to policyholders as return premiums, but shall be no less  
21 than the minimum fee set under AS 21.06.250 [OR \$50, WHICHEVER IS  
22 GREATER]. The broker shall pay the fee at the time [HE FILES] the  
23 statement is filed. [THE DEPARTMENT SHALL DEPOSIT ALL FEES IN THE  
24 GENERAL FUND OF THE STATE.]

25 \* Sec. 16. AS 21.39.060(a) is amended to read:

26 (a) A corporation, an unincorporated association, a partnership  
27 or a person, whether located inside or outside this state, may make  
28 application to the director for license as a rating organization for  
29 the kinds of insurance, or subdivision or class of risk or a part or

1 combination thereof as are specified in its application and shall file  
2 with the application: (1) a copy of its constitution, its articles of  
3 agreement or association or its certificate of incorporation, and of  
4 its bylaws and regulations governing the conduct of its business; (2)  
5 a list of its members and subscribers; (3) the name and address of a  
6 resident of this state upon whom notices or orders of the director or  
7 process affecting the rating organization may be served; and (4) a  
8 statement of its qualifications as a rating organization. If the  
9 director finds that the applicant is competent, trustworthy and other-  
10 wise qualified to act as a rating organization and that its constitu-  
11 tion, articles of agreement or association or certificate of incorpo-  
12 ration, and its bylaws and regulations governing the conduct of its  
13 business conform to the requirements of law, the director [HE] shall  
14 issue a license specifying the kinds of insurance, or subdivisions or  
15 classes or risks or parts or combinations of them [THEREOF] for which  
16 the applicant is authorized to act as a rating organization. Each  
17 application shall be granted or denied in whole or in part by the  
18 director within 60 days after [OF] the date of its filing with the  
19 director [HIM]. Licenses issued under this section shall remain in  
20 effect for three years unless suspended or revoked by the director.  
21 The fee for the license is set under AS 21.06.250 [\$100]. Licenses  
22 issued under this section may be suspended or revoked by the director,  
23 after hearing upon notice, if the rating organization ceases to meet  
24 the requirements of this subsection. Each rating organization shall  
25 notify the director promptly of every change in

26 (1) its constitution, its articles of agreement or asso-  
27 ciation, or its certificate of incorporation, and its bylaws and  
28 regulations governing the conduct of its business;

29 (2) its list of members and subscribers; and

1 (3) the name and address of the resident of this state  
2 designated by it upon whom notices or orders of the director or pro-  
3 cess affecting the rating organization may be served.

4 \* Sec. 17. AS 21.66.080 is amended to read:

5 Sec. 21.66.080. ANNUAL STATEMENT. Every corporation, before  
6 March 2 of each year, shall furnish the director a sworn statement of  
7 assets and liabilities, and of all title premiums received by it  
8 during the preceding calendar year, setting out among other things  
9 that three percent of all gross premiums on title insurance policies  
10 issued by it during the year covering property in this state have been  
11 set aside and held by it in an account known as the Title Insurance  
12 Unearned Premium Reserve Fund as provided in this chapter. The state-  
13 ment also shall show in the form which may be prescribed by the direc-  
14 tor all unpaid losses and claims upon title insurance policies of  
15 which the corporation has received due notice in writing from or on  
16 behalf of the insured. With the filing of the statement the corpo-  
17 ration shall pay a filing fee set under AS 21.06.250 [OF \$15 TO BE  
18 PLACED IN THE GENERAL FUND].

19 \* Sec. 18. AS 21.66.090(b) is amended to read:

20 (b) With the filing of the application the corporation shall pay  
21 a fee set under AS 21.06.250 [OF \$50 TO BE DEPOSITED IN THE GENERAL  
22 FUND] and in addition shall pay all traveling expenses of the director  
23 or an [HIS] authorized representative of the director and per diem at  
24 the current level for state employees at the location of the examina-  
25 tion [OF \$21 A DAY] incurred in examining the applicant's title plant  
26 or plants.

27 \* Sec. 19. AS 21.66.210(b) is amended to read:

28 (b) If the director finds that (1) the entity will be adequately  
29 financed, (2) the persons who will be operating the entity are

1 qualified and (3) the rules of operation as expressed in the articles  
2 of incorporation or association and the bylaws will promote the effi-  
3 ciency of the operation of the subscribing owners or participants and  
4 will not unduly restrict competition, the director [HE] shall issue a  
5 certificate of authority to the entity and permit it to organize.  
6 Each application under this section shall be granted or denied in  
7 whole or in part by the director within 60 days from the date it is  
8 filed. A certificate of authority issued under this section remains  
9 in effect until suspended or revoked by the director. The fee for the  
10 certificate of authority is set under AS 21.06.250. The certificate  
11 of authority is subject to annual continuation. The fee for continua-  
12 tion is set under AS 21.06.250 [\$75 A YEAR]. A certificate of author-  
13 ity issued under this section may be suspended or revoked by the  
14 director after hearing upon notice if the entity ceases to operate as  
15 provided in the application or if the director determines that the  
16 operation has become a restraint on competition and is not in the  
17 interests of the public. Every entity issued a certificate of author-  
18 ity under this section shall notify the director promptly of every  
19 change occurring under this section.

20 \* Sec. 20. AS 21.69.040(a) is amended to read:

21 (a) The incorporators of a proposed domestic insurer shall  
22 deliver the triplicate originals of the articles of incorporation to  
23 the director together with the filing fees set under [SPECIFIED IN]  
24 AS 21.06.250.

25 \* Sec. 21. AS 21.69.050(c) is amended to read:

26 (c) Upon adoption of an amendment the insurer shall make in  
27 triplicate under its corporate seal a certificate (sometimes referred  
28 to as "articles of amendment") setting out the amendment and the date  
29 and manner of its adoption, which certificate shall be executed by the

1 insurer's president or vice-president and secretary or assistant  
2 secretary and acknowledged by them before an officer authorized by law  
3 to take acknowledgements of deeds. The insurer shall deliver to the  
4 director the triplicate originals of the certificate, together with a  
5 [THE] filing fee set under [SPECIFIED IN] AS 21.06.250. If the direc-  
6 tor [HE] finds that the certificate and amendments comply with law,  
7 the director shall endorse [HIS] approval upon each of the triplicate  
8 originals and return them to the insurer. The insurer shall immedi-  
9 ately file one set of the endorsed articles of amendment with the  
10 commissioner of commerce, one set with the director bearing the certi-  
11 fication of the commissioner of commerce, and retain the remaining set  
12 in the corporate records. The amendment shall be effective when the  
13 filings have been completed.

14 \* Sec. 22. AS 21.84.030 is amended to read:

15 Sec. 21.84.030. ANNUAL LICENSE. Societies which are now au-  
16 thorized to transact business in this state may continue the business  
17 until July 1, 1967. The authority of the societies and all societies  
18 hereafter licensed, may thereafter be renewed annually, but in all  
19 cases terminate on the first day of the succeeding July. However, a  
20 license so issued shall continue in full force and effect until the  
21 new license is issued or specifically refused. For each license or  
22 renewal the society shall pay a fee set under AS 21.06.250 [THE DIREC-  
23 TOR \$15]. A certified copy or duplicate of the license shall be prima  
24 facie evidence that the licensee is a fraternal benefit society within  
25 the meaning of this chapter.

26 \* Sec. 23. AS 21.84.340(b) is amended to read:

27 (b) Every society transacting business in this state shall  
28 annually, before the second of March, unless for cause shown the time  
29 has been extended by the director, file with the director a true

1 statement of its financial condition, transactions and affairs for the  
2 preceding calendar year and pay a fee set under AS 21.06.250 [OF \$5]  
3 for filing it. The statement shall be in the general form and context  
4 approved by the National Association of Insurance Commissioners for  
5 fraternal benefit societies and supplemented by additional information  
6 required by the director.

7 \* Sec. 24. AS 21.84.430(a) is amended to read:

8 (a) The director may issue an agent's license to a person who  
9 has paid an annual license fee set under AS 21.06.250 [OF \$35] and who  
10 has complied with the requirements of this section, authorizing the  
11 licensee to act as an insurance agent on behalf of any society named  
12 in the license that [WHICH] is authorized to do business in this  
13 state, and who has passed an examination given by the director.

14 \* Sec. 25. AS 21.84.490(b) is amended to read:

15 (b) Service shall only be made upon the director, or if absent,  
16 upon the person in charge of the director's [HIS] office. It shall be  
17 made in duplicate and shall constitute sufficient service upon the  
18 society. When legal process against a society is served upon the  
19 director, the director [HE] shall immediately forward one of the  
20 duplicate copies by registered mail, prepaid, directed to the secre-  
21 tary or corresponding officer. Legal process may [SHALL] not be  
22 served upon a society except in the manner herein provided. At the  
23 time of serving a process upon the director, the plaintiff or  
24 complainant in the action shall pay to the director a fee set under  
25 AS 21.06.250 [OF \$5].

26 \* Sec. 26. AS 21.84.590(2) is amended to read:

27 (2) AS 21.06.010 - 21.06.250 [, WITH THE EXCEPTION OF  
28 AS 21.06.250];

29 \* Sec. 27. AS 21.87.080(c) is amended to read:

1 (c) At the time of filing the application the applicant shall  
2 pay to the director an [THE] application fee and a [THE] fee for  
3 issuance of the certificate of authority set under AS 21.06.250 [SPEC-  
4 IFIED IN AS 21.87.320].

5 \* Sec. 28. AS 21.87.100(a) is amended to read:

6 (a) A certificate of authority issued to a service corporation  
7 shall continue in force as long as the corporation is entitled to it  
8 under this chapter, and until suspended or revoked by the director or  
9 terminated at the request of the corporation; subject, however, to  
10 continuance of the certificate by the corporation each year by

11 (1) payment, before June 30, of the continuation fee set  
12 under AS 21.06.250 [PROVIDED IN SEC. 320 OF THIS CHAPTER];

13 (2) filing by the insurer of its annual statement for the  
14 preceding calendar year as required under AS 21.87.240.

15 \* Sec. 29. AS 21.87.240(b) is amended to read:

16 (b) At the time of filing the statement, the corporation shall  
17 pay a [THE] fee set under AS 21.06.250 [SPECIFIED IN SEC. 320 OF THIS  
18 CHAPTER].

19 \* Sec. 30. The director of the division of insurance shall adopt the  
20 initial regulations required by AS 21.06.250, as reenacted in sec. 2 of  
21 this Act, on or before July 1, 1984, to be effective July 1, 1984.

22 \* Sec. 31. AS 21.87.320 is repealed.

23 \* Sec. 32. Section 1 of this Act takes effect immediately in accordance  
24 with AS 01.10.070(c).

25 \* Sec. 33. Sections 2 - 31 of this Act take effect July 1, 1984.