

Introduced: 1/18/85
Referred: Labor & Commerce

1 IN THE HOUSE

BY CATO

2

HOUSE BILL NO. 77

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the capital funds required of
7 foreign and domestic insurers."

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

9 * Section 1. AS 21.09.070(a) is amended to read:

10 (a) To qualify for authority to transact any one kind of insur-
11 ance as defined in AS 21.12, or combination of kinds of insurance as
12 shown below, a foreign insurer, or a domestic insurer applying for its
13 original certificate of authority in this state, or an insurer re-
14 applying for a certificate of authority in this state after having
15 withdrawn from this state for any cause, shall possess and thereafter
16 maintain unimpaired basic paid-in capital stock (if a stock insurer)
17 or unimpaired basic surplus (if a foreign mutual insurer or foreign
18 reciprocal insurer), and shall possess when first so authorized addi-
19 tional funds in surplus as follows:

20

Basic Capital

21

Kind or Kinds

or

Additional

22

of Insurance

Basic Surplus

Surplus

23

Life

\$800,000 [\$400,000] \$800,000 [\$400,000]

24

Disability

800,000 [400,000] 800,000 [400,000]

25

Life and

26

Disability

1,000,000 [500,000] 1,000,000 [500,000]

27

Property

600,000 [400,000] 600,000 [400,000]

28

Casualty exclud-

29

ing vehicle

1,000,000 [500,000] 1,000,000 [500,000]

1	Vehicle	<u>800,000</u>	[400,000]	<u>800,000</u>	[400,000]
2	Marine & Trans-				
3	portation	<u>1,000,000</u>	[450,000]	<u>1,000,000</u>	[450,000]
4	Surety	<u>1,000,000</u>	[500,000]	<u>1,000,000</u>	[500,000]
5	Title	<u>300,000</u>	[250,000]	<u>300,000</u>	[250,000]
6	Any two <u>or more</u> of the following				
7	kinds of insurance: property,				
8	marine and transportation,				
9	<u>vehicle</u> , casualty excluding				
10	vehicle, surety and				
11	disability	<u>1,500,000</u>	[550,000]	<u>1,500,000</u>	[550,000]
12	Multiple Lines (all lines				
13	excluding life and title				
14	insurance)		750,000		750,000
15	Legal Expenses	<u>600,000</u>	[400,000]	<u>600,000</u>	[400,000]
16	Mortgage Guarant-				
17	tee	<u>1,000,000</u>	[400,000]	<u>1,000,000</u>	[400,000]

18 * Sec. 2. AS 21.09.080 is repealed and reenacted to read:

19 Sec. 21.09.080. CAPITAL FUNDS REQUIRED OF OLD DOMESTIC INSURERS.

20 (a) A domestic insurer holding a valid certificate of authority to
 21 transact insurance in this state immediately before January 1, 1985,
 22 may continue to transact the same kinds of insurance permitted by the
 23 certificate of authority provided that after January 1, 1985, the
 24 insurer maintains unimpaired no less paid-in capital stock (if a stock
 25 insurer) and no less minimum surplus (if a mutual or reciprocal in-
 26 surer) than the amount required of the insurer by AS 21.09.070 on
 27 December 31, 1984, as if the law had continued in force.

28 (b) An insurer described in this section may not, after
 29 January 1, 1985, declare a dividend or distribute assets to its

1 shareholders, members or subscribers until it has a total capital and
2 surplus equal to the total capital and surplus required for a like
3 insurer under AS 21.09.070.

4 (c) Annually on December 31, beginning in 1985, each domestic
5 insurer described in this section with less paid-in capital stock (if
6 a stock insurer) or less surplus (if a mutual or reciprocal insurer)
7 than required by AS 21.09.070 as to new domestic insurers shall in-
8 crease their unimpaired basic paid-in capital stock or surplus by an
9 amount equal to 20 percent of the difference between the actual paid-
10 in capital stock or surplus on December 31, 1983, and that required by
11 AS 21.09.070 as to new domestic insurers. By December 31, 1989, all
12 domestic insurers shall maintain paid-in capital stock and surplus in
13 amounts no less than required by AS 21.09.070 as to new domestic
14 insurers.

15 (d) Notwithstanding the provisions of this section, a domestic
16 life insurer duly licensed and capitalized on December 31, 1984, shall
17 have and maintain the capital and surplus required under the laws of
18 this state on December 31, 1984, as if the laws had continued in
19 force.

20 * Sec. 3. AS 21.69.220(b) is amended to read:

21 (b) When applying for an original certificate of authority, the
22 insurer must be otherwise qualified under this title, and must have
23 received and accepted bona fide applications as to substantial insur-
24 able subjects for insurance coverage of a substantial character of the
25 kind of insurance proposed to be transacted, must have collected in
26 cash the full premium at a rate not less than that usually charged by
27 stock insurers for comparable coverages, must have surplus funds on
28 hand and deposited as of the date the insurance coverages are to
29 become effective, or, in lieu of the applications, premiums and

1 surplus, may deposit surplus, all in accordance with that part of the
 2 following schedule which applies to the one kind of insurance the
 3 insurer proposes to transact:

4	(A)	(B)	(C)	(D)
5		Minimum No.	Minimum No.	
6		of	of	Minimum
7	Kind of	Applicants	Subjects	Premium
8	Insurance	Accepted	Covered	Collected
9				
10				
11				
12				
13	Life (1)	500	500	annual
14	Disability (2)	500	500	quarterly
15	Property (3)	100	250	annual
16	Casualty (4)	250	500	annual
17	With Workers'			
18	Compensation	250	1,500	quarterly
19	Marine, Wet			
20	Marine, and			
21	Transportation	50	50	annual

22	(E)	(F)	(G)	(H)
23		Maximum		
24	Minimum	Amount of	Minimum	
25	Amount of	Insurance	Surplus	Deposit
26	Insurance	Each	Funds	of Surplus
27	Each	Subject	Deposited	in Lieu of
28				
29				

1	Subject	(5)	(6)	(6)
2				
3				
4	\$1,000	\$ 2,500	<u>\$800,000</u>	[\$ 50,000] <u>\$800,000</u> [\$100,000]
5	\$ 10	\$ 25	<u>\$800,000</u>	[\$ 50,000] <u>\$800,000</u> [\$100,000]
6	(weekly	(weekly		
7	indem.)	indem.)		
8	\$1,000	\$ 3,000	<u>\$600,000</u>	[\$100,000] <u>\$600,000</u> [\$200,000]
9	\$1,000	\$10,000	<u>\$1,000,000</u>	[\$150,000] <u>\$1,000,000</u> [\$200,000]
10	\$1,000	\$10,000	<u>\$1,000,000</u>	[\$200,000] <u>\$1,000,000</u> [\$300,000]
11	\$1,000	\$25,000	<u>\$1,000,000</u>	[\$100,000] <u>\$1,000,000</u> [\$200,000]

14 * Sec. 4. AS 21.75.050 is amended by adding a new subsection to read:
15 (d) Notwithstanding (a) and (c) of this section, domestic recip-
16 rocal insurers duly licensed and capitalized on December 31, 1984,
17 shall have and maintain the capital and surplus required at the date
18 of their original license.